



**TIWAG**

# Annual Report

**2021**



## TIWAG looks back on a successful fiscal year 2021.

The operating profit of EUR 100.1 million, which was achieved despite a difficult environment, reinforces TIWAG's position as a productive and profitable company that is well prepared for the challenges that lie ahead.



Dipl.-Ing. Thomas Gasser, MBA



Mag. Dr. Erich Entstrasser



Dipl.-Ing. Johann Herdina

# Report of the 98<sup>th</sup> fiscal year of TIWAG-Tiroler Wasserkraft AG

from January 1 to December 31, 2021



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## Year-on-year comparison

TIWAG-Tiroler Wasserkraft AG	2016	2017	2018	2019	2020	2021
Electricity sales (in GWh)	16,534.6	18,874.5	16,743.9	18,771.9	15,560.0	14,584.0
Sales revenue (in EUR m)	806.7	808.5	931.4	972.0	853.1	1,192.8
Cash flow (in EUR m)	101.4	152.3	150.1	132.1	149.3	130.5
Profit before taxes (in EUR m)	75.0	75.8	78.4	86.5	93.5	174.7
Additions to property, plant and equipment (in EUR m)	91.0	87.8	96.9	133.2	160.8	256.3

Group						
Sales revenue (in EUR m)	1,071.3	1,099.1	1,238.7	1,286.2	1,130.4	1,586.7
Cash flow (in EUR m)	151.7	226.4	190.0	192.4	184.5	158.4
Consolidated profit before taxes (in EUR m)	69.3	92.4	86.8	111.9	78.8	182.8
Additions to property, plant and equipment (in EUR m)	205.0	256.3	215.0	219.5	237.2	326.0

# Company boards

## Supervisory Board

Dr. lic.oec. Reinhard Schretter (Chair)

Patrizia Zoller-Frischauf (1<sup>st</sup> Deputy Chair until July 12, 2021), Member of the Provincial Government

Florian Tursky, MSc MBA (1<sup>st</sup> Deputy Chair from August 5, 2021)

Mag. Manfred Pletzer (2<sup>nd</sup> Deputy Chair)

Mag. Hartwig Röck

Univ.-Prof.<sup>in</sup> (em.) Dr.<sup>in</sup> Hannelore Weck-Hannemann

Mag.<sup>a</sup> Julia Lang

## Appointed by the Works Council:

Friedrich Vogt, Chairman of the Central Works Council (until November 3, 2021)

Ing. Stefan Mark (until November 3, 2021)

Ing. Marbod Trinkl (until November 3, 2021)

Harald Würfl, Chairman of the Central Works Council (from November 3, 2021)

Franz Eckhart (from November 3, 2021)

Dr. Andreas Walder (from November 3, 2021)

## Management Board

Mag. Dr. Erich Entstrasser (Chair)

Dipl.-Ing. Thomas Gasser, MBA

Dipl.-Ing. Johann Herdina

# Foreword by the Management Board

After a difficult fiscal 2020 also the financial year 2021 was characterized by the prevailing coronavirus pandemic for long stretches of time before the sharp increases in energy prices posed an additional challenge in the fourth quarter. However, thanks to a robust business model and our staff's hard work and commitment TIWAG nonetheless managed to achieve a good operating result with earnings before interest and tax of approx. EUR 100.1 million in the reporting year, which means that we are able to further strengthen our position as a productive and profitable business owned by the State of Tyrol. Due to the disruptions in the gas market the consolidated operating result of approx. EUR 119.5 million is lower compared to the previous year.

As a horizontally integrated energy supply company TIWAG covers the entire energy industry value chain across different sectors. Our key task as a regional energy supplier is to ensure the secure, sustainable and integrated supply of Tyrol's people and businesses with electricity, gas and heat.

The way in which we discharge this task is important as well. Our primary concern is for our actions to be sustainable, socially fair and having as little impact on the environment as possible. In doing so, we are making a substantial contribution towards ensuring supply security, to Tyrol as a business location, and a high quality of living in Tyrol.

In recent years the challenges for the energy sector have multiplied. For years, one of the key issues we have been addressing in Europe is the energy transition, i.e. the transformation of the energy industry from fossil or nuclear power sources towards so-called renewables, i.e. ecological, regenerative and carbon-free types of energy, such as hydropower, solar, wind, or biomass. Additional factors are volatile electricity prices, intensive competition and sustainable transformation processes due to an increasing decentralization and digitalization of the energy sector and the implementation of innovative technologies, such as sector coupling in existing energy systems. Traditional value chains are dissolving more and more, and new sub-markets presenting relevant challenges and growth potentials are created.

Expectations of stakeholders and customers are also changing and, apart from sustainable carbon-free power generation, also include a high degree of innovation, individual and flexible contract models and maximum transparency, in particular in terms of billing processes, all of which at most favorable prices.

We can only meet those challenges with great flexibility, without neglecting our long-term strategic focus on our core business. In this way we will manage to offer our customers high-quality energy products at competitive prices in the most different market segments and to stand up to tougher competition. For that purpose we need our own sufficient infrastructure resources.

Two of our key resources are a flexible portfolio of power stations and powerful electricity, gas and heat networks that secure energy supply of Tyrol's people and businesses. In the year under report, the TIWAG invested some EUR 284.5 million in existing power stations, in expanding hydropower capacities, in information technology and other areas. Via TINETZ, more than EUR 68.0 million were spent on grid infrastructure upgrading and maintenance. Our subsidiary TIGAS also made lasting contributions to consolidating supply by investing EUR 34.0 million in ramping up gas and heat networks.

Thanks to a well-balanced financing structure, a high equity ratio, and stable business operations we are able to adhere to our investment program of EUR 1.6 billion by 2025 and will thus provide an important stimulus for economic activity in Tyrol also in the years to come.

We owe a major part of our success to our about 1,400 employees, to whom we would like to express our deepest gratitude at this point. Especially the last two years demanded a lot of our employees in terms of flexibility, understanding, and solidarity, be it shifting, at least in part, to working remotely, strictly complying with distancing and hygiene rules, or taking regular PCR tests, which were made available for free by the company also in the reporting year. Our employees excel in their ability to adapt and their willingness to commit to vocational and personal development, they are highly qualified and



The TIWAG Management Board: Management Board Chair Erich Entstrasser (right), Thomas Gasser (left) and Johann Herdina (center).

show commitment and service orientation vis-à-vis our customers. In order to be well prepared for future tasks, comprehensive initial and continuing training specifically tailored to their talents and functions have top priority in our business. The TIWAG Group offers attractive and secure jobs in a motivating environment which enhances personal strengths and appreciates respectful cooperation.

Sustainability is an important asset not only for our employees but also for our power stations and generation facilities, which is why expanding hydropower capacities on the path to a sustainable energy future will be of crucial importance for our company's strategic orientation. In the reporting year we surpassed important milestones, in particular in our currently largest project, the Kühtai expansion. The capital expenditure on that project, which constitutes an essential contribution to integrating the generation from wind and PV systems, as well as to the necessary restructuring of the European energy industry, will amount to approx. EUR 1.0 billion. In spring 2021, main work started as planned and the groundbreaking ceremony for the underground tunnel

systems at the new Kühtai reservoir took place in April 2021. The whole project is scheduled to be completed by the end of 2026.

In 2021 we made great progress at the joint-venture Inn river power station in the Tyrolean uplands, more specifically in the Oberes Gericht area. The power station will be put into operation in fall 2022, generate important baseload electricity and further increase supply security. Minor projects, such as expanding the Schwarzach power station in East Tyrol, on which we spend approx. EUR 17.0 million, were commenced in the reporting year as well and will enhance our power station portfolio's flexibility.

Despite all that, we must always bear in mind that the energy transition cannot be reached by increasing renewables generation alone, unless energy efficiency is significantly increased simultaneously. TIWAG therefore once again came up with a comprehensive EUR 5.7 million energy efficiency package to particularly support end customers with extensive consultancy and services when changing to renewable energy technologies. Focus areas were photovoltaics and heat pumps.

Against the background of ambitious energy goals increased use of sector coupling and the ramping up of PV-based electricity generation will further supplement the Group's portfolio in the future. Given rising demand and growing significance for energy industry purposes, we pooled our activities in the fields of production of heat and cold, green gases, charging and filling infrastructure for carbon-free mobility, capacity increases in TIWAG-owned PV systems and innovative energy systems in a new subsidiary. TIWAG-Next Energy Solutions GmbH, TINEXT for short, was designed to provide the conditions for bundling both established and new, innovative activities throughout the Group.

Work on the first few projects is continuing at speed: in 2022, the first few large-scale PV facilities will be put into operation and solar power generation through TINEXT is intended to be increased to a capacity of 23,000 kWp by 2026. In the next few years the "Kufstein Power2X" project will implement a cutting-edge hydrogen center designed to harness the advantages of efficient and high-performance electricity generation from hydropower to produce heat, cold and hydrogen, and to supply charging systems. Alongside its project partners, TIWAG is going to take on a leading role in sector coupling in Tyrol.

The sudden outbreak of covid-19 and the dimension in which the virus has changed the world in the long run marked a global turning point at which many a thing was called into question and which nobody had deemed possible until then. The same is true for Russia's invasion of Ukraine in February of this year. The dimensions in which the consequences of that war will change the

world's social, political and economic conditions are unpredictable. We are currently experiencing the initial impact of that crisis on the energy sector and its multitude of effects on people and businesses. In any case, we have to assume that the next few years will remain challenging in economic terms also for the TIWAG Group.

However, we firmly believe that we can keep our company profitable and maintain its value by concentrating on our core business. We strive for sustainable growth and positive economic value added by leveraging group-wide synergy effects, implementing strict cost management and efficient structures, and continually improving our control and risk tools, and management systems.

We will continue to steer our successful course in the interest and for the benefit of our customers to ensure a safe and ecological energy supply for all Tyroleans and will remain a reliable and trustworthy local partner who plays an important role for people and businesses, especially in times of crisis.

TIWAG – we contribute to protecting the climate.

Innsbruck, June 2022

### **The Management Board**

Mag. Dr.  
Erich Entstrasser

Dipl.-Ing.  
Thomas Gasser, MBA

Dipl.-Ing.  
Johann Herdina



# Corporate Governance Report 2021 of TIWAG-Tiroler Wasserkraft AG

## 1. INTRODUCTION

The information below is governed by the current requirements set out in the Corporate Governance Guidelines for Investees of the State of Tyrol. The cut-off date for the information thus published is the situation prevailing as at December 31, 2021, along with the changes in such situation during fiscal 2021. Unless otherwise stated, the report pertains to the said date. Any significant changes having occurred between this date and publication of the report will be presented separately.

The Corporate Governance Guidelines for Investees of the State of Tyrol, which are modeled on the Federal Public Corporate Governance Code 2017 (B-PCGK 2017), provide a regulatory framework for state-owned businesses and set out principles of good and transparent governance.

Corporate Governance of TIWAG-Tiroler Wasserkraft AG is subject to the regulations of the Austrian law on stock corporations, the Austrian Business Code [*Unternehmensgesetzbuch/UGB*], the regulations on employee co-determination, the Articles of Association, the internal rules of procedure for the Supervisory Board, the internal rules of procedure for the Management Board, and the Corporate Governance Guidelines for Investees of the State of Tyrol.

## 2. COMMITMENT TO COMPLIANCE WITH THE GUIDELINES AND DISCLOSURE OF ANY NON-COMPLIANCE

The government of the State of Tyrol approved the Corporate Governance Guidelines for Investees of the State of Tyrol on April 2, 2019. TIWAG-Tiroler Wasserkraft AG is committed to complying with the Corporate Governance Guidelines for Investees of the State of Tyrol to

the extent they are applicable to TIWAG. The Management Board and the Supervisory Board declare having applied these guidelines in fiscal 2021 in the exercise of their functions and subject to the explanatory notes provided in this report.

The guidelines were complied with in fiscal 2021. No comments are required; no deviations from the guidelines in terms of form or content were identified.

## 3. ESTABLISHMENT OF THE GUIDELINES

Application of the guidelines was formally embodied in the internal rules of procedure for the Supervisory Board and those for the Management Board to the effect that the annual Corporate Governance Report is adopted by resolution of the entire Management Board in agreement with the entire Supervisory Board.

## 4. SHAREHOLDERS' MEETING

As at December 31, 2021, the share capital of TIWAG-Tiroler Wasserkraft AG as registered in the Business Register [*Firmenbuch*] of the Innsbruck Regional Court [*Landesgericht Innsbruck*] under FN [*Business Register Number*] 44133b amounts to EUR 300,000,000.00, divided into 300,000 shares of a par value of EUR 1,000 each. The shares are registered shares and are held exclusively by the State of Tyrol.

As the sole shareholder, the State of Tyrol, represented by the governor, exercises its shareholder rights at Shareholders' Meetings. All decisions made by the shareholder are documented in minutes certified by a notary. In the reporting year, the ordinary Shareholders' Meeting was held on May 18, 2021. The resolutions passed concerned the appropriation of the net profit for

the year, the approval of the actions of the Management Board and the Supervisory Board, and the appointment of the auditor. At the extraordinary Shareholders' Meeting of August 5, 2021, Mr. Florian Tursky was elected member of the Supervisory Board with immediate effect for the remaining term of office of Ms. Patrizia Zoller-Frischauf, who had resigned early. In the reporting year, the current version of the Articles of Association was evaluated and adapted as necessary. The relevant resolution to amend the Articles of Association was passed at the extraordinary Shareholders' Meeting of November 29, 2021. Specifically, the objects of business were checked as to whether they were still up to date and amended by planned areas of activity. In addition, the maximum number of Management Board members was fixed at four persons in the revised Articles of Association.

## 5. COLLABORATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD

The Supervisory Board and the Management Board collaborate closely in the interest of the corporation. Their collaboration is based on mutual trust, which is established by complying with the transparency, disclosure and confidentiality duties to be observed and lived in an atmosphere of open discussion. The Management Board regularly reports to the Supervisory Board comprehensively and in a timely manner and the chairman of the Supervisory Board is in regular contact with the Management Board.

A basic prerequisite for open discussions between the Management Board and the Supervisory Board is the comprehensive safeguarding of confidentiality vis-à-vis third parties. The principle of confidentiality is regulated

in the rules of procedure for the Supervisory Board and those for the Management Board. If experts or informants are called in to attend meetings of the Supervisory Board regarding specific items, equivalent safeguards are taken and evidenced unless those persons are subject to a professional obligation to maintain secrecy due to their capacity anyhow. Employees of the corporation, experts, and informants may be called in for consultation on specific matters, where necessary. In such a case the relevant persons are informed about the confidentiality principles, and compliance with the non-disclosure obligations, which are equivalent to those of a Management Board member, is demonstrably confirmed by them.

Since 2002 TIWAG-Tiroler Wasserkraft AG has maintained Directors & Officers insurance, which covers the activities of its officers and executive employees. The insurance also covers the management of subsidiaries. The cost of insurance is borne by the corporation.

Due to provisions of stock corporation law the Supervisory Board must approve of the conclusion of contracts with members of the Supervisory Board by which they undertake to render services for the corporation for remuneration that is not merely insubstantial in addition to their work on the Supervisory Board. The Supervisory Board also represents the corporation in legal transactions with the Management Board. Contracts with enterprises in which a Supervisory Board or Management Board member holds a substantial beneficial interest are also subject to approval. In order to ensure compliance with the guidelines, the members of the Supervisory Board and of the Management Board were asked about the business relations and transactions concluded in the reporting year. Except for approved contracts the members reported no relevant transactions.



## 6. MANAGEMENT BOARD

### 6.1 COMPOSITION OF THE MANAGEMENT BOARD

The Management Board, which manages the business and the corporation on its own responsibility, represents TIWAG in transactions with third parties and is composed of up to four persons, had the following three members in the reporting year 2021:

#### Chairman of the Management Board

##### Erich Entstrasser

- Born in: 1960
- Member since January 1, 2013
- Management Board Chair since January 1, 2016
- Renewal of his current term of office until: December 31, 2025

At its meeting of October 12, 2021, the Supervisory Board renewed Erich Entstrasser's term, which would regularly have ended on December 31, 2022, until December 31, 2025.

In the reporting year, he sat on the supervisory boards of TINETZ-Tiroler Netze GmbH, Energie AG Oberösterreich, Innsbrucker Kommunalbetriebe Aktiengesellschaft, Austrian Power Grid AG, and OeMAG Abwicklungsstelle für Ökostrom AG.

#### Management Board Director

##### Thomas Gasser

- Born in: 1969
- Member since January 1, 2016
- Start of current term of office: January 1, 2021
- End of current term of office: December 31, 2025

In the reporting year, he sat on the supervisory board of Tiroler Flughafenbetriebsgesellschaft m.b.H.

In the year under report, Thomas Gasser was a member of the management board of Innsbrucker Kommunalbetriebe Aktiengesellschaft.

#### Management Board Director

##### Johann Herdina

- Born in: 1957
- Member since January 1, 2013
- Start of current term of office: January 1, 2018
- End of current term of office: December 31, 2022

In the reporting year, he sat on the supervisory boards of Innsbrucker Kommunalbetriebe Aktiengesellschaft and TINETZ-Tiroler Netze GmbH.

In the year under report, Johann Herdina was managing director of Gemeinschaftskraftwerk Inn GmbH.

Since Johann Herdina expressed his desire to retire as of December 31, 2022, the Supervisory Board undertook, in good time, the preparations for finding a successor, adopted a resolution to this effect at its meeting of October 12, 2021, and publicly advertised the post.

### 6.2 FUNCTIONING AND SCHEDULE OF RESPONSIBILITIES OF THE MANAGEMENT BOARD

The Management Board conducts the business of the corporation in compliance with the applicable laws, the Articles of Association, and the internal rules of procedure for the Management Board. Unless responsibilities are allocated under the mandatory provisions of the Austrian Stock Corporations Act [*Aktengesetz/ AktG*] anyhow, the internal rules of procedure for the Management Board of TIWAG-Tiroler Wasserkraft AG as amended by Supervisory Board resolution of October 1, 2021 govern the allocation of responsibilities and the way in which the Management Board collaborates internally and with the Supervisory Board. In addition to the provisions of stock corporation law, the internal rules of procedure also govern the transactions and actions which require the consent of the Supervisory Board or of a Supervisory Board committee established and authorized for such purpose.

The schedule of responsibilities as set out in the internal rules of procedure is as follows:

<b>Erich Entstrasser</b>	Finance and accounting, controlling and investments, contract and energy data management, corporate development and organization, human resources, public relations, legal and real estate (including administrative proceedings), information technology, telecommunications.
<b>Thomas Gasser</b>	Manufacturing, energy industry, energy trading, energy sales, heat, energy strategy and energy efficiency.
<b>Johann Herdina</b>	Hydropower engineering, mechanical engineering, construction, power station programming, central procurement, technical facility management, control system and new technologies.

Jointly, the members of the Management Board are responsible for strategy, internal audit, and safety and security of water-retaining structures. Fundamental decisions, including specifying the corporation's goals and defining the business strategy in agreement with the Supervisory Board, must in any case be made by the entire Management Board.

of the Management Board members is commensurate with their tasks. As for justified deviations from the guidelines of the State of Tyrol, reference is made to what is stated in the report issued by the Austrian Court of Audit, "Reihe Tirol 2021/2", marginal no. 25.1 et seq. In fiscal 2021, the remuneration of the Management Board amounted to a total of EUR 1,224,140.05.

### 6.3 APPOINTMENT AND REMUNERATION OF THE MANAGEMENT BOARD

As a matter of principle, vacancies on the Management Board are publicly advertised in accordance with the Austrian Transparency of Board Appointments in Entities Subject to Court of Audit Control Act [*Stellenbesetzungsgesetz*] BGBl. [*Federal Law Gazette*] I No. 26/1998 as amended. Appointments are preceded by a selection process carried out by the plenary meeting of the Supervisory Board. The guidelines on management employment contracts adopted by the Government of the State of Tyrol on June 12, 2012 and amended by government decision on June 14, 2016 are also taken into account in assessing whether the overall remuneration

## 7. SUPERVISORY BOARD

### 7.1 RESPONSIBILITIES

The allocation of responsibilities of the Supervisory Board is regulated by law in the Austrian Stock Corporations Act, the Business Code and the Labor Code [*Arbeitsverfassungsgesetz/ArbVG*] and internally in the Articles of Association and the internal rules of procedure for the Supervisory Board and those for the Management Board. Apart from regular supervision of the management, the Supervisory Board's responsibilities include, without limitation, the authority to give the Management Board directives, preselect and actually instruct the auditor, co-decide based on the law,

the Articles of Association or directly on a resolution (internal rules of procedure), and finally to advise the Management Board in matters of principle, projects and decisions, including with regard to strategic planning.

The Supervisory Board is informed by the Management Board of the course of business and the expected business development, the financial position and financial performance, the business plan, implementation of the business strategy, and entrepreneurial opportunities and risks by way of the annual report, the forecast, the quarterly reports, as well as special and requested reports on a case-by-case basis.

According to the Articles of Association and the internal rules of procedure the Supervisory Board must hold at least one ordinary meeting every calendar quarter. Meetings of the Supervisory Board and its committees are convened by the chairman, and the Supervisory Board makes its decisions by resolutions passed by the majority of the Supervisory Board members participating in the vote. In the case of a tie the chairman has the casting vote. Taking the quarter rule into account, six Supervisory Board meetings and one constituent plenary meeting of the Supervisory Board were held in the reporting year. The attendance ratio of all Supervisory Board members was 93.65%. In addition to the meetings of the Supervisory Board and its committees, the chairman of the Supervisory Board regularly met with the chairman of the Management Board. Minutes of Supervisory Board meetings were kept, which are signed by the member chairing the meeting and the person keeping the minutes.

On December 13, 2016, the Supervisory Board amended the internal rules of procedure for the Supervisory Board of TIWAG-Tiroler Wasserkraft AG, which regulates the internal procedures and functioning of the Supervisory Board and its committees. The existing internal rules were amended and revised in the reporting year and adopted by the Supervisory Board meeting of October 1, 2021. Amendments and specifications concerned transactions subject to approval, the circumstances con-

sidered lack of impartiality and conflicts of interest, the competences and functioning of committees, approval of transactions with corporate bodies/officers, and the framework conditions for discussing topics of strategic development and for aligning the principles of business policy between the Management Board and the Supervisory Board. The internal rules of procedure are regularly evaluated and adapted if and when necessary.

## 7.2 COMPOSITION OF THE SUPERVISORY BOARD

The authority to select members of the Supervisory Board is vested solely in the Shareholders' Meeting and/or depends on the delegation policy of the employee representatives. On the basis of the provisions of the Stock Corporations Act and the Labor Code the Supervisory Board was comprised of nine members in fiscal 2021. Six members were elected by the shareholder at the Shareholders' Meeting, three members were delegated and appointed by the Central Works Council as employee representatives.

From amongst its members, the Supervisory Board elects a chairperson as well as a first and second deputy, each for the duration of their terms of office. Currently, there is no equal number of women and men on the Board. In the reporting period and presently no former members of the Management Board belong to the Supervisory Board.

In the reporting period, the Supervisory Board addressed the issue of potential conflicts of interest. The Supervisory Board members reported no conflicts of interest. Moreover, all six Supervisory Board members elected by the Shareholders' Meeting issued a written statement of their independence and professional reliability. The maximum of eight offices that may be held in supervisory bodies as prescribed by the Corporate Governance Guidelines for Investees of the State of Tyrol was not exceeded by any of the Supervisory Board members.

In fiscal 2021 the Supervisory Board was comprised of the following persons:

### **Reinhard Schretter**

#### **Chairman**

- Born in: 1955
- Supervisory Board member since 2001
- Supervisory Board chairman since March 29, 2016
- Appointed for the current term of office on: May 6, 2019
- End of current term of office: ordinary Shareholders' Meeting 2022

### **Patrizia Zoller-Frischauf, (retired) Member of the State Government**

#### **1<sup>st</sup> Deputy**

- Born in: 1959
- Supervisory Board member since 2012
- Appointed on: May 6, 2019

By letter dated July 12, 2021 Ms. Patrizia Zoller-Frischauf advised her resignation and resigned from her office with immediate effect. At an extraordinary Shareholders' Meeting on August 5, 2021, Mr. Florian Tursky was elected her successor.

### **Florian Tursky**

#### **1<sup>st</sup> Deputy**

- Born in: 1988
- Substitute member for Ms. Patrizia Zoller-Frischauf since August 5, 2021
- End of term of office: ordinary Shareholders' Meeting 2022

Upon the early resignation of Ms. Patrizia Zoller-Frischauf as elected Supervisory Board member, Mr. Florian Tursky was elected to the Supervisory Board as substitute member at the extraordinary Shareholders' Meeting of August 5, 2021. Prior to the election, Mr. Florian Tursky provided the sole shareholder with information on his qualifications, jobs or similar positions and all circumstances which might give rise to concerns regarding lack of impartiality. For his nomination the criteria

listed in Section 87(2a) AktG were taken as the basis. His term of office, which runs for the remaining term of the leaving Supervisory Board member, lasts until the ordinary Shareholders' Meeting 2022. Immediately after the Shareholders' Meeting, the Supervisory Board elected Mr. Florian Tursky 1<sup>st</sup> Deputy of the chairman of the Supervisory Board and member of the Audit Committee.

### **Manfred Pletzer**

#### **2<sup>nd</sup> Deputy**

- Born in: 1972
- Supervisory Board member since 2015
- Appointed for the current term of office on: May 6, 2019
- End of current term of office: ordinary Shareholders' Meeting 2022

### **Hartwig Röck**

#### **Member**

- Born in: 1963
- Supervisory Board member since 2014
- Appointed for the current term of office on: May 11, 2020
- End of current term of office: ordinary Shareholders' Meeting 2023

### **Hannelore Weck-Hannemann**

#### **Member**

- Born in: 1954
- Supervisory Board member since 2015
- Appointed for the current term of office on: May 6, 2019
- End of current term of office: ordinary Shareholders' Meeting 2022

### **Julia Lang**

#### **Member**

- Born in: 1974
- Supervisory Board member since 2017
- Appointed for the current term of office on: May 11, 2020
- End of current term of office: ordinary Shareholders' Meeting 2023

### Employee representatives

In the reporting year, the members of the Central Works Council who were nominated upon the proposal of the canvassing groups delegated the employee representatives Harald Würfl, Franz Eckhart and Andreas Walder to the Supervisory Board with effect from November 3, 2021.

#### Stefan Mark

##### Member (delegated by the Works Council)

- Born in: 1970
- On the Supervisory Board since 2009
- Delegated: from March 2017 to November 3, 2021

#### Friedrich Vogt

##### Member (delegated by the Works Council)

- Born in: 1960
- On the Supervisory Board since 2017
- Delegated: from March 2017 to November 3, 2021

#### Marbod Trinkl

##### Member (delegated by the Works Council)

- Born in: 1968
- On the Supervisory Board since November 25, 2020
- Delegated: from November 25, 2020 to November 3, 2021

#### Harald Würfl,

##### Chairman of the Central Works Council

##### Member (delegated by the Works Council)

- Born in: 1963
- Delegated from November 3, 2021

#### Franz Eckhart

##### Member (delegated by the Works Council)

- Born in: 1967
- Delegated from November 3, 2021

#### Andreas Walder

##### Member (delegated by the Works Council)

- Born in: 1958
- Delegated from November 3, 2021

The principle of strictly personal fulfilment of one's tasks applies. In a specific case any Supervisory Board member may have him/herself represented by another Supervisory Board member by written proxy issued for a specific meeting, with one Supervisory Board member being entitled to represent only one other member from time to time. The right to chair a meeting is non-transferable.

The Supervisory Board elects a chairperson as well as a first and second deputy from amongst its members, each for the duration of their terms of office. The Supervisory Board is chaired by Reinhard Schretter.

### 7.3 RESPONSIBILITIES OF THE CHAIRMAN OF THE SUPERVISORY BOARD

The chairman has discharged and discharges his tasks in accordance with the Articles of Association, the internal rules of procedure, and the recommendations of the Corporate Governance Guidelines for Investees of the State of Tyrol. The Supervisory Board is quorate if all members have been duly invited and if at least one half of the members elected by the Shareholders' Meeting are present. Resolutions are passed by a majority of votes; in the case of a tie the chairman shall have the casting vote. Documents of the Supervisory Board shall be signed by the chairman or one of his deputies in the elected order. The chairman is a member of the Committee for Management Board Matters. The Management Board must fulfil the reporting duties under stock corporation law vis-à-vis the Supervisory Board and, in addition, regularly inform the same about all important events and developments which are of material significance for the assessment of the situation and development of the corporation's business and that of its affiliates. Since the chairman of the Supervisory Board is in regular contact with the Management Board, he shall in any case be informed immediately in urgent cases. The Management Board coordinates the business strategy with the Supervisory Board, and they discuss the status of strategic implementation at regular intervals. Supervisory Board meetings are convened by the chairman.

Apart from the cases provided for by law, the chairman of the Supervisory Board shall also convene meetings at the request of any Management Board or Supervisory Board member.

#### 7.4 COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board may, from among its members, appoint one or more committees and lay down their tasks and rights. The internal rules of procedure provide for an Executive Committee, a Committee for Management Board Matters, and an Audit Committee.

##### Executive Committee

The Executive Committee, which is comprised of the chairman of the Supervisory Board, his deputies and a Supervisory Board member delegated pursuant to Section 110 ArbVG, acts as a working committee. The committee coordinates the work of the Supervisory Board and its collaboration with the Management Board. The Executive Committee is in regular contact with the Management Board, in particular with the chairman of the Management Board, and advises the same without limiting the powers of the entire Supervisory Board. Meetings are held if and when required. Resolutions are passed unanimously by all participating members. If no unanimous decision can be reached, the resolution will be presented to the entire Supervisory Board for adoption or rejection.

##### Members of the Executive Committee:

Name	Position
Reinhard Schretter	Chairman
Patrizia Zoller-Frischauf	1 <sup>st</sup> Deputy (until July 12, 2021)
Florian Tursky	1 <sup>st</sup> Deputy (from August 5, 2021)
Manfred Pletzer	2 <sup>nd</sup> Deputy
Stefan Mark	Works Council delegate (until November 3, 2021)
Harald Würfl	Works Council delegate (from November 3, 2021)

For the sake of efficient and quick decision-making, the Executive Committee decides instead of the entire Supervisory Board in the matters assigned to it for decision-making by the internal rules of procedure. Motions to the Executive Committee are approved at meetings or, in urgent cases, in writing by way of circulation. In the reporting year, the Executive Committee held nine meetings. Supervisory Board members who are not on the Executive Committee are provided with the minutes of the meetings and detailed documentation on the motions of the Management Board for them to be able to check the decisions as to their plausibility.

#### Committee for Management Board Matters

The Committee for Management Board Matters, which in any case includes the chairman of the Supervisory Board and his deputies, prepares the Supervisory Board's staff decisions. It proposes candidates for vacancies on the Management Board to the entire Supervisory Board and generally deals with all issues regarding the appointment of members of the Management Board, defines principles for adequate remuneration of Management Board members and concludes target agreements with Management Board members for one fiscal year in advance. In addition, the Committee for Management Board Matters concludes legal transactions between the corporation and specific members of the Management Board, in which cases a special standard of due care must be observed to avoid conflicts of interest.

#### Members of the Committee for Management Board Matters:

Name	Position
Reinhard Schretter	Chairman
Patrizia Zoller-Frischauf	1 <sup>st</sup> Deputy (until July 12, 2021)
Florian Tursky	1 <sup>st</sup> Deputy (from August 5, 2021)
Manfred Pletzer	2 <sup>nd</sup> Deputy
Stefan Mark	Works Council delegate (until November 3, 2021)
Franz Eckhart	Works Council delegate (from November 3, 2021)

Meetings of the Committee for Management Board Matters are held if and when required. In the reporting year, two meetings were held, and the committee publicly advertised one vacancy on the Management Board. An internationally experienced personnel consultant was instructed to support the selection process.

### Audit Committee

The Audit Committee is tasked with monitoring the financial accounting process and the internal control and risk management systems of TIWAG-Tiroler Wasserkraft AG. In addition, it provides quality assurance for the audit of the (consolidated) financial statements, verifies and monitors the independence of the auditor of the (consolidated) financial statements, in particular in view of the additional services provided to the auditee and the grounds for exclusion or bias defined by law. The Audit Committee presents a report on the outcome of the audit to the Supervisory Board and explains how the audit has contributed to the reliability of financial reporting and what role the Audit Committee played in this. In the course of auditing the accounting information, the committee also verifies whether the annual financial

statements, consolidated financial statements, the profit distribution proposal, the management report, and the Corporate Governance Report meet statutory requirements and are factually correct. In addition, it prepares the discussions and resolutions of the Supervisory Board for examination and, if necessary, adoption of the annual financial statements and reports to the Shareholders' Meeting, for the Management Board's profit appropriation proposal and for the Supervisory Board's election on the selection of the auditor of the (consolidated) financial statements, who may be appointed for a maximum of five consecutive fiscal years.

Pursuant to the Supervisory Board's internal rules of procedure the Audit Committee consists of three or four of the Supervisory Board members elected by the Shareholders' Meeting and at least one of the employee representatives delegated by the Works Council. The chairman of the Supervisory Board and his deputies are in any case members of the Audit Committee. In 2021, the Audit Committee was composed as follows:

#### Members of the Audit Committee:

Name	Position
Reinhard Schretter	Chairman
Patrizia Zoller-Frischauf	1 <sup>st</sup> Deputy (until July 12, 2021)
Florian Tursky	1 <sup>st</sup> Deputy (from August 5, 2021)
Manfred Pletzer	2 <sup>nd</sup> Deputy
Stefan Mark	Works Council delegate (until November 3, 2021)
Marbod Trinkl	Works Council delegate (until November 3, 2021)
Harald Würfl	Works Council delegate (from November 3, 2021)
Franz Eckhart	Works Council delegate (from November 3, 2021)

In the year under report, the Audit Committee met twice, with minutes having been drawn up of such meetings. The focus of work was on preparing the resolution on the 2021 consolidated financial statements and annual financial statements of TIWAG-Tiroler Wasserkraft AG including profit appropriation, the proposal for the election of the auditor of the (consolidated) financial statements, the audit procedure and the audit focuses for 2021, the accounting process, risk management and acknowledging the audit program and audit reports of Internal Audit.

## 7.5 REMUNERATION OF SUPERVISORY BOARD MEMBERS

The Articles of Association provide that every capital representative on the Supervisory Board be paid an annual expense allowance in addition to reimbursement of his/her expenses and an attendance fee for every meeting. The employee representatives on the Supervisory Board work in a voluntary capacity and are entitled to reimbursement of reasonable expenses.

The relevant remuneration scheme for attendance allowance and expense allowance was adopted at the Shareholders' Meeting of December 9, 2014 with effect from January 1, 2015. Due to the requirements of the chair, the remuneration of the Supervisory Board differs according to responsibilities between chairperson, deputy, and simple membership.

The remuneration granted to Supervisory Board members in 2021 amounted to EUR 52,839.00 in total.

The guideline adopted by the Government of the State of Tyrol on July 13, 2021 for qualifications and remuneration for work on supervisory boards of investees of the State of Tyrol applies with respect to the regulations on

qualifications and with respect to the special regulations for employees of the State of Tyrol. The rules regarding the amount of attendance allowance and reimbursement do not apply to commercial enterprises, to which TIWAG-Tiroler Wasserkraft AG belongs. In the reporting year 2021 one employee of the State of Tyrol was appointed Supervisory Board member.

## 7.6 CONFLICTS OF INTEREST OF SUPERVISORY BOARD MEMBERS

The members of the Supervisory Board are committed to the objective of the corporation, and when making decisions they must not pursue their own interests or interests of related parties which are in conflict with the interests of the corporation or with business opportunities to which the corporation is entitled. If conflicts of interest arise, Supervisory Board members must immediately disclose them to the chairman of the Supervisory Board in any case. If the chairman is in a conflict of interests, he must immediately disclose the same to his deputies. In the case of serious or persistent conflicts of interest they must be disclosed to the entire Supervisory Board. The Supervisory Board member affected by the conflict of interests must refrain from participating in the meeting when it comes to the relevant item on the agenda and thus both abstain from the discussion about and from the vote on that item. If the Supervisory Board deals with transactions of the corporation concerning enterprises in which a member of the Supervisory Board holds a significant beneficial interest ("indirect contracts"), the relevant Supervisory Board member must disclose that fact to the entire Supervisory Board for them to check whether such a transaction is at arm's length. Moreover, the corporation is neither allowed to conclude contracts for work or services with members of the Supervisory Board nor to provide services for them on more

favorable terms unless those terms are also available to other customers. The power to decide on the approval of transactions with corporate bodies/officers was transferred from the Executive Committee to the entire Supervisory Board by means of the internal rules of procedure, which entered into force upon resolution of the Supervisory Board of October 1, 2021.

In fiscal 2021 the entire Supervisory Board approved of the conclusion of an arm's length contract between TIWAG and a group of companies related to a Supervisory Board member.

## 8. TRANSPARENCY

Business information is publicly accessible on the website: [www.tiwag.at](http://www.tiwag.at). The Corporate Governance Report, the separate financial statements and the consolidated financial statements of TIWAG-Tiroler Wasserkraft AG including (group) management report are published in the download area of the TIWAG website.

## 9. INTERNAL AUDIT

As an administrative unit, Internal Audit directly reports and is only accountable to the Group Management. During audit procedures at affiliates, Group Internal Audit also acts on behalf of the Group Management, with the latter ensuring that the audit contract will be implemented appropriately in terms of corporate law. TINETZ-Tiroler Netze GmbH, where Group Internal Audit acts on behalf of the management, constitutes an exception. Group Internal Audit bases its work on the "Standards for the Professional Practice of Internal Auditing" of the Institute of Internal Auditors (IIA).

## 10. ACCOUNTING AND AUDIT

The annual financial statements plus management report and the consolidated financial statements plus group management report of TIWAG-Tiroler Wasserkraft AG, which present a true and fair view of the financial position and financial performance of the corporation, were prepared by the Management Board according to the financial reporting requirements applying to the fiscal year ended on December 31, 2021.

On the basis of the election proposal of the Supervisory Board made at the Shareholders' Meeting of May 8, 2021, the State of Tyrol as the sole shareholder of TIWAG-Tiroler Wasserkraft AG elected Deloitte Audit Wirtschaftsprüfungs GmbH (group) auditor for fiscal 2021. The election proposal of the Supervisory Board was prepared by the Audit Committee. In preparation for giving the recommendation, the Audit Committee verified that the auditor is independent and unbiased and that no reasons for exclusion exist. For that purpose the Audit Committee requested a statement broken down according to service categories for the payments received from the corporation for the previous fiscal year and a report on the inclusion of the system of external quality assurance established by the Austrian Auditor Supervision Act [*Abschlussprüfer-Aufsichtsgesetz*] BGBl. I No. 43/2016 as amended) and valid registration with the same. The relevant information was provided to the Audit Committee by the auditor of the (consolidated) financial statements in writing. All additional consultancy and other service contracts which are not directly related to the audit of the annual financial statements were concluded upon approval from the Supervisory Board.

After the auditor's election the Supervisory Board immediately concluded an audit contract with the elected auditor.

Deloitte Audit Wirtschaftsprüfungs GmbH, which was elected by the Shareholders' Meeting for the second time in a row, has audited the separate financial statements and consolidated financial statements including the (group) management report for fiscal 2021 and the bookkeeping and issued an unqualified audit certificate for both.

## 11. CORPORATE GOVERNANCE REPORT

Compliance by TIWAG-Tiroler Wasserkraft AG with the aforementioned guidelines is subject to external evaluation at least every five years. The most recent evaluation, which was carried out by Deloitte Audit Wirtschaftsprüfungs GmbH for 2020, did not give rise to any objections with respect to the statement of the legal representatives on compliance with the Corporate Governance Guidelines for Investees of the State of Tyrol.

Innsbruck, April 5, 2022

### The Management Board

Mag. Dr.  
Erich Entstrasser

Dipl.-Ing.  
Thomas Gasser, MBA

Dipl.-Ing.  
Johann Herdina

The audit reports of the auditor were sent to every Supervisory Board member in due time. The auditor attended the audit meeting of the Audit Committee on April 29, 2022 and reported on the course and outcome of his audit.

The Audit Committee examined the separate financial statements and the consolidated financial statements including (group) management report at its meeting of April 29, 2022, taking the audit reports into account, and discussed the same with the auditor. The chairman of the Audit Committee reported on the outcome of that preliminary examination.

The auditor attended the annual financial statements meeting of the Supervisory Board on May 13, 2022 and reported on the course and outcome of his audit. Based on the recommendations of the Audit Committee the Supervisory Board approved the annual financial statements 2021 and agreed to the proposal of the Management Board made to the Shareholders' Meeting that a dividend of EUR 30 million be distributed. The Supervisory Board approved of the management report, the Corporate Governance Report, the consolidated financial statements and the group management report and acknowledged and agreed to the report on the outcome of the audit of the annual financial statements, the consolidated financial statements, and the (group) management report.

Innsbruck, May 13, 2022

### The Chair of the Supervisory Board

Dr. Reinhard Schretter



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**As a horizontally integrated energy supply company TIWAG covers the entire energy industry value chain across different sectors, thus making a vital contribution towards ensuring supply security, prosperity and a high quality of living in Tyrol.**

# The fiscal year 2021

## I. THE CORNERSTONES OF TIWAG'S BUSINESS

### 1. GROUP SET-UP

#### Legal set-up

A stock corporation under Austrian law, TIWAG-Tiroler Wasserkraft AG is registered in the Business Register of the Innsbruck Regional Court [*Landesgericht Innsbruck*] under FN 44133 b and has its registered address in Innsbruck. The share capital amounts to EUR 300 million, divided into 30,000 no-par value bearer shares held exclusively by the State of Tyrol. TIWAG is the parent company of TIWAG Group.

#### Organizational set-up

The Management Board of TIWAG-Tiroler Wasserkraft AG has three members. Management Board chair Erich Entstrasser, whose term was extended early until December 31, 2025, by the Supervisory Board, is in charge of commercial operations, which comprise various central corporate functions as well as the management of equity investments.

In charge of energy industry issues and power station management, Management Board member Thomas Gasser's responsibilities include energy strategy and energy efficiency; power generation; energy trading and energy industry; as well as energy sales. All constructi-

on and engineering-related issues, such as hydropower engineering, mechanical engineering, construction, technical facility management and central procurement, are in the hands of Management Board member Johann Herdina, who has expressed his desire to retire as per December 31, 2022. The second top-management level, the managing directors of the major group companies as well as heads of divisions and of some departments, is responsible for earnings in their respective fields of business and works hand in hand with the Management Board. In addition, various specialized departments provide support and assistance to the Management Board.

TIWAG Group is broken down into four segments, which are subject to separate reporting. The group is subdivided into three operational business areas – Electricity (Non-Regulated), Electricity (Regulated), as well as Gas and Heat, while the remaining activities are shown under Equity Investments and Miscellaneous.

The segment definitions applicable within TIWAG Group are based on internal reporting structures, which inform management decisions. Segments are formed based on products (electricity, gas and heat) and regulatory aspects, i.e. the regulated grid business and the non-regulated energy business. Currently, we have the following four reporting segments.

Segments	Electricity Non-Regulated	Electricity Regulated	Gas and Heat Non-Regulated and Regulated	Equity Investments and Miscellaneous
Legal entities	TIWAG-Tiroler Wasserkraft AG	TINETZ-Tiroler Netze GmbH	TIGAS-Erdgas Tirol GmbH TIWAG-Next Energy Solutions GmbH	
<ul style="list-style-type: none"> <li>▪ Reporting entities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Power Station Construction</li> <li>▪ Power Generation</li> <li>▪ Energy Industry and Trading</li> <li>▪ Energy Sales</li> </ul>	<ul style="list-style-type: none"> <li>▪ Electricity Distribution System</li> </ul>	<ul style="list-style-type: none"> <li>▪ Natural Gas System</li> <li>▪ Natural Gas Trading</li> <li>▪ District Heat</li> <li>▪ CNG Filling Stations</li> <li>▪ Energy Facility Management</li> <li>▪ Biogas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Equity Investments</li> <li>▪ Service and Cross-Cutting Matters</li> </ul>

The *Electricity (Non-Regulated)* segment comprises the subsegments Power Station Construction, Power Generation, Energy Industry and Trading, and Energy Sales. In Power Station Construction we plan our power stations and manage construction projects up to the point where the facilities are taken into operation. With the help of our engineering departments we not only build new plants but also keep existing ones operational and up to the latest state of the art.

In Power Generation our focus is on efficiently, sustainably and cost-effectively producing electricity. Our pool of power stations provides us with an extensive power generation portfolio, which we constantly expand and optimize. In the reporting period, we invested EUR 209.8 million (prior year: EUR 128.5 million) in our existing power generation plants (including a pro-rata share of electricity procurement rights).

Energy Trading and Energy Industry is tasked with steering and optimizing energy procurement and delivery and with managing the power generation portfolio, while also safeguarding generation and sales positions over the long term.

Energy Sales, which covers all types of energy, handles the selling of energy to our customers. This organizational unit develops innovative products and solutions in an effort to meet customer needs as best possible.

In the *Electricity (Regulated)* segment, our subsidiary TINETZ-Tiroler Netze GmbH is in charge of regulated electricity business operations. The functions of technical customer management, grid system management, secondary technology, grid facility management, project planning/design and installation/servicing are organized along similar tasks, in a bid to optimize division of labor and specialization. The company's management is in charge of coordinating the functions with a view to overarching corporate goals. Specialized staff units, Administration/Coordination, Security, and Environmental

Management, assist the management in preparing and reviewing decisions. Our reliable, state-of-the art electricity grid, in which we invested EUR 68.2 million in the reporting period (prior year: EUR 61.6 million), covers a total of 12,090 km (prior year: 12,003 km).

The core business units in our *Gas and Heat (Regulated and Non-Regulated)* segment are Natural Gas System and District Heat, areas where TIGAS-Erdgas Tirol GmbH makes major investments. In the reporting period, our subsidiary invested a total of EUR 33.7 million (prior year: EUR 33.2 million) in upgrading and expanding our gas network, which covers a total of 3,926 km (prior year: 3,849 km) as well as our district heat networks, with a focus on ramping up the infrastructure in line with growing demand.

The *Equity Investments and Miscellaneous* segment accounts for our shared services. As the group parent, TIWAG-Tiroler Wasserkraft AG not only manages the group but also provides group-wide services, such as financing, treasury, IT, energy data management, group management accounting and controlling, legal, taxes, internal audit, public relations, business development and HR management.

This segment also takes care of our equity investment portfolio, which includes shares held in VERBUND AG, Energie AG Oberösterreich, and Innsbrucker Kommunalbetriebe AG, among others.

### Locations

Geographically, our main presence is in the Austrian federal state of Tyrol, which offers the special locational features needed for hydropower-based power generation. Given the relevant hydrological and topographic requirements, our key power station sites include Kaunertal, Imst, Silz, Kühtai, Achensee, Kirchbichl, Langkampfen, Amlach, and Kalserbach.

## 2. BUSINESS MODELS

We are a vertically and horizontally integrated energy supply company covering the entire energy industry value chain across different sectors. We are Tyrol's leading electricity, gas and district heat provider, with operations in other Austrian states as well as in Germany and in South Tyrol (Italy).

### Business models in the non-regulated energy sector

We ensure the secure, sustainable and integrated supply of electricity, gas and heat to all of our customers. Customer group segmentation is based on our being present at all levels of the value chain and our ability to flexibly generate electricity from hydropower sources. On the end-customer market, we segment our customers by volume sold, consumption structure, load profiles and metering technology on the one hand, and by geographical location on the other hand, i.e. customers in Tyrol (our core market) and customers outside Tyrol. In the retail customer segment, we supply our products to household customers, where billing is standardized on an annual basis; in the monthly consumption segment, we deliver certified zero-emission electricity, natural gas and heat to industrial and commercial customers as well as to multi-site customers. Key account customers are broken down into specific groups based on customer structure, purchasing history, and volumes sold. In the distributors segment, we deliver electricity to regional utility companies in Tyrol to enable them to supply their own customers. We are also present as a reliable trading partner on the electricity and gas wholesale markets and engage in trading on national and international energy exchanges, both in spot and futures markets. Trading, which is subject to strict rules and regulations, provides us with fundamental data that are crucial for decision-making. Our energy generation port-

folio enables us to offer flexible capacities and to supply our transmission system customers with different types of control energy.

Our customers use energy in a multitude of ways, from heating homes to generating high and low temperatures in production processes, from ensuring mobility to powering electric engines, from using IT to providing lighting. Our value propositions comprise classic electricity, gas and heat supply to our customers, along with add-on products and innovative services. What our customers expect from us is sustainable energy generation, competitive pricing, innovative green electricity solutions, bespoke contracts, and transparent billing. More and more customers are keen to benefit from more efficient ways to use energy as well as from the opportunities afforded by the digital transformation. We offer our retail customers electricity, gas and heat at competitive prices, alongside professional customer service and easy-to-understand tariff plans. We provide added value for business and commercial customers that are always on the lookout for streamlining and savings potentials by offering secure and high-quality one-stop-shop solutions. Key accounts can benefit not only from certified electricity from hydropower sources, but also from related services, extreme flexibility, and attractive product combinations which include different energy sources.

These various customer segments have different needs and requirements. Favorable pricing, flexible contract terms, supply security, energy quality, and expert technical advice are factors we combine individually to meet customer needs. These varying criteria determine which sales, distribution and communication channels will be used, regardless of whether it is existing customers or new customers in new markets that we are dealing with. In line with reach, product range, and level of customer advisory service, we distinguish between traditional and

innovative marketing channels, breaking down activities further by key account management, regional retail and commercial customer support, service center and internet support. In operating our marketing channels, we cooperate with partner companies in a bid to simplify processes and pool demand. Entry barriers to trading on energy wholesale markets and energy exchanges, participating in control energy market auctions and auctioning off cross-border transmission capacity rights are high. The relevant distribution and communication channels are highly standardized and structured.

With competition becoming tougher and customer expectations on the rise, it is extremely important for us to secure customer satisfaction and customer loyalty. Both result mainly from personal contact and from the fact that TIWAG has a strong regional base and generates value for Tyrol. We use a well-known market research institute to survey customer satisfaction and customers' perception of TIWAG at regular intervals.

In the reporting period, revenue from electricity sales came to EUR 1,272.7 million (prior year: EUR 900.0 million), which corresponds to an 80.2% (prior year: 79.6%) share of total sales revenue. In the non-regulated electricity segment, revenue is driven mainly by the volume of electricity we generate from renewables and by electricity market prices. A geographical breakdown shows that revenue is generated primarily in our home market, but the out-of-area share keeps growing as well. As in the previous year, gas revenue obtained in Austria, Italy and Germany amounted to 17.2% of group-wide sales revenue. Key revenue drivers in the non-regulated gas segment include temperatures measured in heating degree days and price trends on international gas markets.

To be able to make our value propositions to customers in the various customer segments, we need to have appropriate key resources at our disposal. Relying on

our power stations, we are able to generate electricity from hydropower in a sustainable manner. Financial resources are key for companies relying on a vast range of plant and equipment to operate. TIWAG Group's funding relies at roughly 50% each on existing equity and borrowed capital with appropriate maturity dates. As hydropower capacities in Tyrol are being expanded and energy system digitalization is on our doorstep, raising the required amount of capital is a crucial issue. As a technology company that operates on national and international markets, we depend to a large extent on having key human resources at our disposal; without expertly trained and highly motivated staff, we are unable to deliver on the promises we make to our customers.

With value-chain levels having become unbundled, new interlinked markets have developed that require a flexible approach. Coordinating these markets calls for professional trading, which is ensured by our Energy Trading and Energy Industry unit. We have our own trading capacities, which we use as a sales channel for our own output, and as a purchasing channel to cover supply obligations, optimize our own energy generation operations and make profits on margin trading. While market challenges come with great opportunities, they also require powerful management systems for profitability, risk and incentive control. Another key activity apart from trading and trading-related portfolio and risk management is directing our focus toward attractive customer segments. Under our market strategy, we not only develop our products, but also suitable communication concepts for selling them.

We source different resources from business partners outside the organization and are active in a variety of fields. The primary concern here is to balance the interests of various groups, such as shareholder, customers, employees, politicians, NGOs, local residents, the media, public institutions, cooperation and business

partners, and suppliers. Our business model is contingent on the help of a network of suppliers and strategic partners. To build, expand and maintain our power stations, we need a large number of specialized suppliers over a long period of time.

Implementing our business model gives rise to costs. As an integrated energy supply company, we build power stations, generate energy, and transport energy, both self-generated and procured, to our customers. Secure energy supply can only be ensured through skilled staff, the use of generation and distribution facilities, and risk-optimized energy procurement. Given the specific tasks we have to perform, our major cost items are energy procurement and personnel. The large amount of plant and equipment we operate also entails a substantial amount of fixed costs.

#### **Business models in the regulated energy sector**

Electricity, gas and heat are distributed via grid-bound energy systems. Our electricity distribution grid is 12,090 km long (prior year: 12,003 km), while our gas system comes to 3,926 km (prior year: 3,849 km). Vertically, electricity and gas systems are structured into transmission and distribution systems, both of which are subject to government regulation under the distribution system monopoly. Acting in the interests of customers, government agency E-Control monitors whether energy distribution is secure and prices are adequate.

Based on our regulated energy distribution systems, we offer our grid customers non-discriminatory access, secure supply and a high quality of service at different levels of voltage and pressure. We are called upon to ensure secure supply, stable and reliable networks as well as the economic and ecological transportation of energy to all customers within our system area, guaranteeing that energy suppliers can feed in the energy

they generate and that end customers can rely on the secure and uninterrupted transportation of energy to their doorsteps. The growing trend for digitalization and the upgrading of our grid infrastructure call for novel and innovative energy solutions with added benefits. Our digital services include various online offers for household customers, a broad range of e-mobility charging solutions with uniform and transparent pricing, smart metering, sophisticated integration of prosumers' photovoltaic systems in our distribution grid, and a bidirectional link-up of additional distributed entities to our centralized energy supply control system.

Enabling first-time grid access, entering into grid access contracts, carrying out meter readings and necessary maintenance and repair work make for long-term customer relationships and local contacts. Our key activities include grid planning, building and funding grid facilities, regulatory management, and managing relations and cooperation with our market partners.

The key source of our income are the system charges paid by end customers. These system charges are determined by the relevant public authority in a two-stage process. First, the regulatory authority issues an administrative decision setting out the allowed cost, targets and volume situation, then E-Control issues a regulation detailing the system charges derived from the allowed cost as determined beforehand.

Income is also affected by equalization payments designed to balance out the different cost structures of network operators, by cost cascading designed to balance the costs of different grid levels, and by changes on the regulatory account, which records differences between revenue actually earned and revenue planned to be earned.

Capital-intensive property, plant and equipment, human resources, IT services, data management as well as cooperation with upstream and downstream network operators are of crucial importance to integrated energy suppliers that offer grid-bound energy (electricity, gas and heat). Partnerships with suppliers and IT providers are pivotal for operation planning, system expansion and congestion management in new distribution networks.

High-performance state-of-the-art networks give rise to high capital requirements, with correspondingly high fixed costs. In addition to depreciation, amortization and write-downs, as applicable, planning, construction and operating costs also include cost of material and cost of personnel, as well as external services. In light of the tasks imposed on us by law, the main cost items in the regulated segment are operating expenditure (OPEX), as reviewed and approved by administrative decision, and capital expenditure (CAPEX). Incentive regulation is a government scheme designed to induce network operators to raise efficiency and cut cost so that grid customers will be able to benefit from declining rates. More specifically, network operators that outperform the efficiency targets will be able to generate higher returns for any given period.

#### **New business models**

Renewable energies, in combination with new ways of storing energy, have been gaining in importance for years. Customer expectations have developed accordingly, with customers no longer simply being at the receiving end of energy supplies, but also questioning where their energy comes from and whether or not it is sustainable. Energy policy, including above all the Austrian Renewables Expansion Act [*Erneuerbaren-Ausbau-Gesetz/EAG*], is likewise moving towards renewable and decentralized energy generation. All of these developments result in traditional value chains becoming more and more outdated, with new submarkets emerging that come with corresponding growth potentials. But in spite

of this, large-scale electricity generation remains indispensable to ensure supply security. New energy solutions (heat, renewable gases, photovoltaic (PV), charging and filling infrastructure, innovative energy systems) offered by a competent one-stop-shop supplier differ from traditional integrated energy supply business models in terms of value drivers, competitors, processes, risks, capital expenditure, skills and success factors. Given this new environment, our aim is to pool both established and new, innovative activities within the group in one unit. For this purpose, we not only developed a concept, but also carried out the first few implementation steps in the reporting period.

### **3. GROUP STRATEGY AND MISSION STATEMENT**

It is the task of the Management Board to make the decisions that are necessary to ensure the company's long-term viability. Key tasks involve setting long-term corporate goals and deciding on strategic orientation, the implementation of which is monitored by the Supervisory Board.

At the start of 2021, the Management Board adopted eleven selected implementation measures to speed up the group's development in line with its strategic orientation. Given the highly dynamic and constantly changing environment, the management continued, in close consultation with the group companies, to further refine the strategy in the reporting period, with the Supervisory Board keeping a critical eye on strategy design, holding several meetings to provide constructive inputs and evaluations.

Against the backdrop of a rapidly changing environment, the group's Management Board, with the help of the managing directors of subsidiaries, several division heads, and experts, adjusted the assessments in the market

environment analysis underpinning the previous strategy, reviewing how the legal framework for hydropower capacity expansion and gas supply has developed at national and European level, with due consideration of the effects of the covid-19 pandemic on both the economy and society. Moreover, the effects of the planned greenhouse gas reduction, combined with the opportunities afforded by sector coupling, were included in the analysis, as were ways to guarantee supply security in the face of a further capacity expansion of volatile renewables and the exit from nuclear energy and coal, both of which play an important role in securing base load supply.

With these new factors in mind, we analyzed opportunities, risks, strengths and weaknesses in the reporting period, aligning the data with recent developments, and found a growing risk in the regulated sector due to the changes in the applicable framework.

In spite of the dynamic changes in the environment and the resulting changes in the group's risk situation, we will continue to pursue our group strategy, facing new strategic challenges such as continuing the scheduled increase in hydropower capacities in Tyrol, providing funding for investment projects, implementing measures to pool sector coupling activities within one company, and safeguarding goodwill with respect to the future use of our gas pipeline infrastructure.

This is our mission statement:

- (1) TIWAG Group stands for secure, sustainable and integrated electricity, gas and heat supply in Tyrol.
- (2) TIWAG Group puts customer benefit first and offers customers in its defined target markets innovative, high-quality energy products and services related to its core business at competitive prices.
- (3) TIWAG Group supports European and national energy goals and is a driving force behind ecological change in Tyrol's electricity, gas and heat supply.
- (4) TIWAG Group is commercially successful, an attractive employer, and a reliable and trustworthy local business partner.

#### 4. MANAGEMENT ACCOUNTING AND CONTROLLING SYSTEM

The Management Board is responsible for managing the company in line with the objects of its business, acting for the benefit of the company with due consideration of the interests of both the shareholder and the employees as well as paying tribute to public interests. To translate these principles into practice and flesh them out in real life, management needs a proprietary management accounting and controlling system.

We rely on a planning and controlling system which, using the actual data as set out in the annual financial statements as a basis, provides detailed and timely insights into the expected future development of our financial position, cash flows and profit or loss. On the basis of the market and regulatory environment, the targets set by the Management Board and the forecasts for business development, we prepare annual medium-term plans, budgets for the upcoming fiscal year, and target figures for subsequent years. The entire Management Board then submits the plans to the Supervisory Board for approval. Over the course of the year, the forecasts are updated based on interim financial statements.

The key ratios we use in controlling our operating business include earnings before taxes, earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA), both at company and group level.

Financial performance indicators	Separate financial statements		Consolidated financial statements	
	2021 KEUR	2020 KEUR	2021 KEUR	2020 KEUR
EBIT	100,114.0	89,100.4	119,467.2	130,650.1
EBITDA	172,195.0	159,932.6	216,914.2	225,967.3
Profit before taxes	174,728.8	93,459.2	182,829.6	78,791.9

Other important indicators apart from sales revenue and capital expenditure are capital structure on the one hand, measured based on shareholder's equity ratio and consolidated net debt to EBITDA, and, on the other hand, financial strength, quantified based on cash flows, available liquid funds, as well as amount and structure of borrowing.

These financial key indicators are part of our balanced scorecard, which also features other aspects measured under different perspectives. Overall, our balanced scorecard has four perspectives: Finances, Employees, Processes, and Market.

The Market perspective presents the markets and market segments where the group companies operate. Performance indicators in this area are prices on spot and futures markets, interest rates, market shares and energy efficiency savings potentials. The Process perspective covers critical internal processes which are of key importance to our company. Major indicators here include the number of customer contacts, registrations with the customer portal, the number of charging systems and charging operations, as well as the utilization of investment and maintenance projects both in the regulated and non-regulated sectors. The Employees perspective measures aspects such as headcount, overtime ratios, positive flexitime balances, and personnel cost per head.

## 5. RESEARCH AND DEVELOPMENT

We conduct numerous research and development projects to explore ways to operate our power stations as environmentally friendly and cost-efficiently as possible in a bid to meet the requirements of the energy transition. We work on solutions for integrating distributed technologies plus digitalization into our supply systems, and we develop products and services that help our customers increase energy use efficiency, thus further improving quality of life and/or adding value. In our innovation efforts, we also partner up with research institutions and universities and cooperate with the public sector to complement our in-house work. The reporting year saw us once again participate in, and implement, selected research and development projects, some of which we initiated ourselves.

In the year under review, we focused on the following topics:

- Pro-active flood management requires models that provide the best possible mapping of future flood incidents, spring runoffs and inflows. Based on this toolset, we can then proceed to optimize sediment management, improve flushing operations and respond more flexibly to deviations from simulations. We are currently working on improving our existing forecasting system (HOPI) by adapting the existing hydrological

model and establishing a new one for the Inn river catchment area. Introducing the new hydrological model for the whole Inn river will take our existing partial models up to the latest state of the art.

- Together with several partners we are working on a sediment research and management project. Apart from improving our basic knowledge and understanding of processes, the ultimate goal of the project is to reduce the cost of, and thus to improve, sediment management in both alpine and industrial river landscapes while meeting all technical and ecological requirements.
- In a cooperative project with a partner, we are testing the feasibility, usefulness and economic efficiency of an alternative method for automated sediment removal in a power station reservoir.
- The high amount of sediment in the process water puts a major strain on a power station's turbines. Within the scope of a project we have been conducting together with a partner for several years, we are examining the parameters that will help improve runner wheel wear and tear. The goal of the project is to find measures providing for additional optimization to reduce the need for future overhauls.
- In another partnership project, we are working on providing the basic methodology and concepts to identify positive ecological potential in sections subject to surges and residual flow in high mountain regions. The aim is to design a concept and, based on it, develop an ecological monitoring program.
- Limnological monitoring has been a permanent feature in our existing facilities as a means of collecting targeted data to inform arguments in respect of impending changes in environmental law. The long-term data obtained in this way not only help improve fundamental research and form the basis for our participation in various working groups and research projects, but are also being used in model studies and concrete case studies.

## II. ECONOMIC SITUATION

### 1. FRAMEWORK CONDITIONS

#### Macroeconomic conditions

In the year under report, economic development was characterized by a strong recovery in the three first quarters, followed by a pronounced downturn in the last quarter. The reasons for the economic recovery included global efforts to fight the pandemic as well as the lifting of the restrictions imposed, while the decline at year-end was attributable above all to another rise in covid-19 infections, persistent supply chain problems, and insecurities relating to the Omicron variant.

Against this backdrop, the European Central Bank (ECB) revised its forecasts for global economic growth in 2021 by 0.3 percentage points to 6.0%. For 2022, it expected global GDP to rise by 4.5% – all of this before the outbreak of the Ukraine-Russia conflict.

In the Eurozone, too, growing international demand and fast progress in vaccination roll-out had the economies of most countries take an optimistic view at the start of the year. It was also due to this positive environment that, from the second quarter of 2021, the Eurozone saw substantial growth again for the first time since the outbreak of the pandemic. The decline in economic activity recorded later in the year as a result of renewed lockdown measures had turned out to be less significant than expected overall, with annual GDP growth for 2021 amounting to 5.1%. Before the outbreak of the Ukraine-Russia conflict, the European Central Bank had anticipated economic growth to the tune of 4.2% for 2022. However, as the damage inflicted on Eurozone economies by the war in Ukraine will become all the more pronounced the longer the war continues and the longer the sanctions imposed by the West will remain in force, reaching such growth rates again will no longer be possible.

HICP inflation in the Eurozone climbed from -0.3% at year-end 2020 to 0.9% in January 2021, hitting a record 5.0% by December, a figure not seen for many years. The main drivers of this rise are supply shortages and the related increases in energy prices on the one hand, and major updates to HCIP weights for 2021 on the other hand. Before the start of the Ukraine-Russia conflict, the ECB had expected headline inflation to come to 3.2% in 2022. However, the escalating conflict has led to significant disruptions on energy and commodity markets, and the unexpected shortage of commodity supplies constituted another setback for global supply chains. Shortly after Russian troops had invaded Ukraine, the markets witnessed further price shocks for petroleum, natural gas and agricultural produce. As for unemployment in the Eurozone, economic growth, which had been positive overall, backed by expansionary monetary policies and fiscal stimulus packages, resulted in a labor market recovery. Towards year-end 2021, unemployment decreased to 7.3%, down 0.8% from the preceding year. With respect to Eurozone monetary policy, the ECB Council decided, in 2021, to leave the interest rate on main refinancing operations unchanged, at 0%. With the war in Ukraine, central banks have now come under more and more pressure as rising inflation and potential damage to economic growth need to be counteracted by monetary policy action. The decisions the ECB Council will have to make, between growing inflation and reduced growth, are still pending.

February 8, 2021, was the date the third hard lockdown in Austria ended. On May 19, 2021, hotels and restaurants were allowed to open again, subject to stringent precautions, after they had been shut down for more than six months. The lifting of many health policy measures in line with progress in the number of vaccinations administered was a major cause for economic recovery in the first half of 2021. By mid-2021, Austria's economic output had, for the first time since the start of the covid-19 crisis, already reached, and even slightly surpassed, pre-crisis levels. However, the onset of the fourth covid-

19 wave towards the end of the year put a damper on economic recovery in Austria. Following a decline in real GDP by 6.7% in the preceding year, Oesterreichische Nationalbank, Austria's central bank (OeNB), anticipated growth of 4.9% for 2021, and 4.3% for 2022, before the situation with Russia escalated. In terms of inflation, Austria presents a similar picture as the rest of the Eurozone. The pace of inflation has significantly accelerated, given the development of energy prices and global supply shortages in 2021. For the whole of 2021, the HCIP inflation rate for Austria was 2.8%. In 2022, the passing on of higher wholesale energy prices to end customers, the potential introduction of a carbon tax as per July 1, and rising commodity prices will drive it up even further. The only scenario where inflation can be expected to recede in the next few years is if the war in Ukraine were of short duration. The labor market was characterized by a strong rise in employment in 2021, combined with a lack of skilled labor and a record number of unfilled jobs. After having risen to 10.1% in the preceding year, the unemployment rate dropped to 8.2% in 2021, according to the Austrian Public Employment Service (AMS).

### Energy and environmental policy framework

On July 14, 2021, the European Commission presented further climate protection proposals under the Fit for 55 package. Relying on the measures proposed under the package, Europe aims to reduce net emissions by at least 55% by 2030, compared to 1990 levels, and to become the world's first climate-neutral continent by 2050. The package comprises twelve legislative proposals that will have a major impact on the EU 2030 climate and energy policy framework. What is crucial for the energy industry are the proposals for a revision of the EU emissions trading system and for an Effort Sharing Regulation, which provides for the application of emissions trading also to sectors so far not covered by the scheme, such as road traffic and buildings. The measures proposed to raise the share of renewable energies and to improve energy efficiency are highly significant as well. The legislative procedure is not expected to be completed before 2023.

Under its Biodiversity Strategy for 2030, which is a key element of the European Green Deal, the EU and its Member States have committed themselves to creating a larger EU-wide network of protected areas with a very high biodiversity and climate value. These protected areas are to cover at least 30% of the EU land and sea. In this context, the EU Commission published guidance on how to identify, designate and manage protected areas in the EU in the future.

In a communication of April 21, 2021, the European Commission presented a package of measures relating to sustainable finance and the EU taxonomy. The EU Taxonomy Climate Delegated Act delivered the first set of technical criteria for defining those activities that contribute substantially to climate change mitigation and adaptation, the first two of six environmental objectives in the EU Taxonomy. The proposal for a directive on corporate sustainability reporting provides a framework for making comparable and reliable information on sustainability available. Businesses to which the directive applies will have to report on in how far their business activities are compatible with the transition to a sustainable and climate-neutral economy.

The Aarhus Regulation enables individuals and non-governmental organizations (NGOs) to bring proceedings against decisions of Community institutions and bodies before the European courts. On October 14, 2020, the European Commission adopted a legislative proposal for amending the Aarhus Regulation to ensure better review of EU legislation environmental matters. On July 12, 2021, the Council and the European Parliament reached a provisional agreement on this proposal. Specifically, the revision significantly strengthens civil society rights to institute proceedings under EU environmental law, while extending such rights also to individuals.

In October 2021, the EU Commission presented a toolbox to address high energy prices. The tools envisaged by the Commission include short-term and medium-term

measures Member States can use to tackle rising energy prices without violating European competition rules. Short-term measures include targeted and temporary emergency support for households and businesses, as well as tax relief, while medium-term measures encompass joint storage of strategic gas stocks, a reform of the European electricity market, and stepping up the pace of the energy transition.

The Sixth Assessment Report of the World Climate Council's IPCC published in August 2021 showed clearly that achieving climate neutrality will necessitate a transformation of economies and societies. The year 2021 also saw representatives of 197 UN member states come together in Glasgow for the 26<sup>th</sup> Climate Change Conference. The international community agreed on a final document, which provides for phasing down coal power.

July 27, 2021 was the date the Renewables Expansion legislative package [*Erneuerbaren-Ausbau-Gesetz/EAG*] was promulgated in the Austrian Federal Law Gazette [*BGBl I 150/2021*]. This legislative package implements major parts of the EU Renewable Energy Directive (REDII) and the first parts of the EU Internal Market Directive in national law, laying the legal and organizational ground for translating the Austrian government's energy and climate policy goals into practice, which are to supply 100% of the country's electricity from renewable sources by 2030 and become climate-neutral by 2040. The Act provides for specific targets, such as an increase by 27 TWh in annual renewable electricity generation by 2030. Of these 27 TWh, 11 TWh are to come from PV, 10 TWh from wind, 5 TWh from hydropower, and 1 TWh from biomass. Key new provisions under the EAG package are the reform of green electricity subsidization based on feed-in premiums, various investment aids and the admission of new market participants, the renewable energy communities, which have a limited geographical scope, and the citizen energy communities, which are not subject to any geographical limitations within the territory of Austria.

Following the initiation of infringement proceedings by the EU Commission, the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) is working on a bill of law for a new Federal Energy Efficiency legislation package to succeed the Energy Efficiency Act [*Energieeffizienzgesetz/EEffG*], which expired on December 31, 2020. We expect legal requirements for savings targets to become even stricter, with energy efficiency measures as well as the mandatory energy savings to be met by energy suppliers no longer being recognized. The Ministry is also preparing a draft Renewable Heat Act [*Erneuerbaren-Wärmegesetz/EWG*], which is to set out the path for exiting from fossil fuel-based heat generation. The bill of law is expected to be available for public comments in the summer of 2022. Against the backdrop of recent events, the Federal Minister for Climate Protection also announced a Gas Storage Act [*Gasbevorratungsgesetz*] to be presented along with the Renewable Heat Act, which is still outstanding. The aim of such legislation is to ensure that gas storage facilities will be filled up to capacity before the start of next winter's heating season.

On May 25, 2021, the state government of Tyrol adopted its sustainability and climate strategy, entitled *Life with a Future*, which is to point the way for a transformation towards a sustainable and climate-neutral economy and society. The strategy presented comprises defined goals and action areas, as well as eight flagship projects, which constitute the first key steps toward implementation. One of these flagship projects is our planned Power2X sector coupling facility plus hydrogen center in Kufstein.

On September 22, 2021, the state government of Tyrol published a keynote resolution for sustainability and climate protection in Tyrol. In this resolution, the State of Tyrol committed itself to comprehensive climate protection with a view to achieving not only the Paris climate goals in cooperation with the EU and the international community, on a larger scale, but also, at the local level, the goal of making Tyrol climate-neutral by 2040.

For the Energy action area, the measures mentioned included the cooperative construction of power stations by TIWAG as well as the operation of such facilities together with local municipalities and associations of municipalities. Furthermore, TIWAG is to pool, and advance, measures for the development and use of future technologies in a separate company. Measures in the Construction, Existing Facilities and Overhaul action area comprised financial support for PV systems, the discontinuation of financial support for natural gas-fired boiler systems, and the exit from the use of fossil gas for household heating purposes by 2040.

#### Energy price trends

Prices for primary energy sources saw a major hike in the reporting year. The strong rise in natural gas and coal prices is due mainly to unfavorable weather conditions and supply interruptions amid rising demand on tight markets around the globe, with higher prices being set in Asia. In parallel, prices of European carbon allowances increased, alongside wholesale prices for electricity.

Gas prices, too, registered a steep upward trend. In the year under report, TTF front year prices for contracts with delivery in 2022 multiplied by a factor of four, coming to over EUR 70/MWh by year-end. Key reasons for this increase included supply shortages and relatively low stocks on the one hand, and higher demand for natural gas brought about by the economic upswing on the other hand. One of the main drivers for the soaring prices seen towards the end of 2021 was the Ukraine crisis and the related insecurity about potential disruptions in supply. The medium-term gas price development is impacted by these geopolitical developments. Hard coal also witnessed a strong rise in prices in 2021. The market price for hard coal according to the European API#2 front month format reached EUR 104/t towards year-end, almost double of what it was at the beginning of the year. At year-end, the price for a front year contract with delivery in 2022 was EUR 88/t, one and a half times as much as at the beginning of the year. The trend reversal in coal prices seen in October was attributable to major

market interventions in China, where the government threatened coal producers with high fines if they were to refuse to reduce prices. The resulting slump in prices in China impacted international coal markets as well.

The price for carbon allowances also registered a sharp uptick in 2021. While the price stood at EUR 32/t at the start of 2021, it kept climbing relentlessly until it more than doubled to EUR 80/t by year-end. A key price driver was the proposal presented by the EU Commission for the reform of emissions trading for the fourth trading period, 2021–2030. The proposal provides for emissions trading to be extended to other sectors, reducing the allocation of free carbon allowances, and achieving a higher reduction in emissions by 2030, from 43% so far to 61%, compared to 2005. This new legislative framework, which will result in a tightening of the offer of EU emission allowances (EUAs) due to stricter climate goals and a lower number of free allocations to industrial enterprises, will entail a further price rise over the medium term.

Futures market prices for front year delivery 2022 likewise saw a strong rise in the reporting period. Apart from economic development, causes included low output from wind power facilities and rising prices for coal, gas, and carbon allowances. While at the beginning of the year base load electricity prices in Germany and Austria still moved within a range of EUR 40/MWh and EUR 50/MWh, they rose sharply in the second half of 2021, coming to more than EUR 140/MWh at year-end. The same applied to peak load electricity prices, which stood between EUR 50/MWh and EUR 60/MWh in Austria and Germany in the first half of the year before they started to shoot up as from the end of the summer. At more than EUR 170/MWh, the price spiral peaked around Christmas. Given the worldwide economic recovery after the slump caused by the pandemic in the preceding year, the prices for base load and peak load electricity also increased strongly on German and Austrian spot markets.

Since the beginning of the Ukraine crisis, all energy prices have seen further significant increases.

## 2. DEVELOPMENT OF BUSINESS

### TIWAG Group

2021 was another year where we felt the impact of the covid-19 pandemic, with electricity and gas prices soaring on energy exchanges in the fourth quarter. In spite of all these developments, we were able to ensure uninterrupted supply security throughout the year.

Even though the energy business and the political framework remained challenging, the pandemic persisted, and energy prices saw steep increases, with corresponding volatility on energy procurement markets, we look back on a successful fiscal year. Consolidated sales revenue, which consists mainly of electricity and gas sales revenue, grew by 40.4% in the reporting year to EUR 1,586.7 million (prior year: EUR 1,130.4 million). The main reasons for this increase were the economic recovery and the rising energy prices. Consolidated operating profit came to EUR 119.5 million (prior year: EUR 130.7 million), slightly up year-on-year. The price trends seen on the energy markets, favorable capital market interest rates on investments and loans, as well as one-off effects of a change in how outsourced obligations are recognized all had a positive effect on consolidated profit before taxes. On the other hand, we had to procure natural gas at high prices in the non-regulated gas and heat segment to cover outstanding positions and recorded impairment losses on our equity investment in a German company operating in gas procurement and sales as well as gas trading storage. Due to the effects described above, consolidated profit before taxes rose from EUR 78.8 million to EUR 182.8 million in 2021.

With the start of construction work on our new Kühtai storage power station, we were also able in 2021 to further step up our long-term investment program, which is a key driver of our sustainable growth in the future. In the reporting year, we invested EUR 326.0 million (prior year: EUR 237.2 million) in property, plant and equipment. Consolidated cash flow from operating activities, which came to EUR 158.4 million in the reporting year

(prior year: EUR 184.5 million) was not quite sufficient to provide full funding for this high level of investment, so we relied on long-term loans to make up for the difference. Our ambitious and sustainable investments in support of climate change measures are the main reason why our net debt is, unsurprisingly, growing during the time such investments are made. More specifically, net debt, which is understood as the difference between non-current and current financial liabilities and cash and cash equivalents, increased by EUR 209.0 million to EUR 780.9 million (prior year: EUR 571.9 million), and the ratio of net debt to consolidated EBITDA rose from 2.18 to 2.86.

#### TIWAG-Tiroler Wasserkraft AG

As already mentioned, TIWAG-Tiroler Wasserkraft AG is the parent company of the TIWAG Group and operates in the non-regulated electricity segment. Sales revenue as per the separate financial statements increased by EUR 339.6 million to EUR 1,192.8 million (prior year: EUR 853.1 million), and net income for the year by EUR 53.6 million to EUR 142.5 million (prior year: EUR 88.9 million). This rise is due largely to the capital market interest rates on investments and loans, as well as to the one-off effect of a change in how outsourced obligations are recognized in net finance income. In the year under review, investment in property, plant and equipment and intangible assets amounted to EUR 284.5 million, 45.7% up from the prior-year value of EUR 195.4 million.

#### Significant events in the fiscal year 2021

- (1) The covid-19 pandemic, which had not abated since its outbreak in 2020, also showed its impacts in the fiscal year 2021. Fortunately, the crisis affected us only in some areas, and due to our robust business model and our presence along the entire value chain, 2021 was a successful year for us overall in financial terms. With the help of our staff, who showed not only understanding for the measures needed to fight the pandemic, but also great discipline in adhering to them, we were able to fulfill our mandate of ensuring supply security in all respects.
- (2) On January 8, 2021, the European transmission network recorded a massive deviation from the frequency bandwidth approved for grid operation, with transmission networks being separated in a bid to avoid a Europe-wide blackout. Austrian Power Grid, the Austrian transmission network operator and control area manager, activated the Silz power station to provide frequency support and automatically switched all other large-scale TIWAG power stations to frequency-dependent speed control. TIWAG was able to make a major contribution towards avoiding a Europe-wide blackout, thus ensuring supply security in Tyrol.
- (3) We had pooled sales activities in the electricity and gas segments already in 2020 based on management agreements. The resulting new sales structure was taken live on January 1, 2021.
- (4) The official ceremony for the start of tunneling work at the Kühtai pumped storage power station construction project took place on April 29, 2021. The groundbreaking for the underground tunnel system at the new Kühtai reservoir also marked the official start of the main construction work to expand the Kühtai group of power stations. TIWAG is investing roughly one billion euros in the project, which is scheduled to be completed by year-end 2026.
- (5) On June 1, 2021, the governors of Tyrol, South Tyrol and Trentino came together at the Brenner Pass substation for a ceremony marking the link-up of the Brenner line. This link-up between the North Tyrol and South Tyrol grid areas, which reconnects the electricity grids of the two regions after a 60-year separation, is not only another major milestone in cross-border cooperation, but a key contribution towards the energy transition, while also increasing supply security for the Wipptal and Stubaital areas. Approval for commercial cross-border deliveries is still pending.

- (6) A change in management at our subsidiary TIGAS-Erdgas Tirol GmbH took effect on July 1, 2021. As former managing director Philipp Hiltpolt had retired, Martin Grubhofer was appointed as new commercial managing director.
- (7) The Renewable Expansions legislative package [*Erneuerbaren-Ausbau-Gesetz/EAG*] was promulgated on July 27, 2021, and has since entered into force, apart from those provisions which still require EU approval. We plan to seize the opportunities to support the energy transition which arise under the EAG package, focusing in particular on sector coupling activities and on expanding our own PV capacities. The implementing legislation required for managing grants and aids under the EAG was still outstanding at the time of this report.
- (8) Given rising demand and growing significance for energy industry purposes, we intend to pool our activities in the fields of production of heat and cold, green gases (biogas and hydrogen), charging and filling infrastructure for carbon-free mobility (electric, hydrogen), capacity increases in TIWAG-owned PV systems and innovative energy systems in a separate legal entity, which will be independent under company law and act as asset owner and operations manager. In the fall of 2021, we laid the ground for the group-wide pooling of established as well as new and innovative activities by the formation of our subsidiary TIWAG-Next Energy Solutions GmbH.
- (9) Against the backdrop of the Federal Court of Audit's report of March 2021, the Supervisory Board resolved, on October 1, 2021, to amend the internal rules for procedure of both the Management Board and the Supervisory Board, and the sole shareholder resolved, on November 29, 2021, to amend the articles of association of TIWAG-Tiroler Wasserkraft AG.
- (10) The terms of office of Johann Herdina and Erich Entstrasser on the Management Board will expire as per December 31, 2022. Since Johann Herdina expressed his desire to retire as of December 31, 2022, the Supervisory Board undertook, in good time, preparations for finding a successor, adopted a resolution to this effect and publicly advertised the post. The Supervisory Board prolonged, ahead of time, the Management Board term of Erich Entstrasser until December 31, 2025.

## 2.1. Electricity segment (non-regulated)

### Electricity generation and procurement

Electricity generation and procurement encompasses power generated in our own (pumped) storage, run-of-river and pondage power stations, bartering, and electricity purchased from other suppliers. We are the largest hydropower-based electricity producer in Tyrol. In the fiscal year 2021, we generated 3,067 GWh (prior year: 3,094 GWh) of electricity in our own plants, which is down 27 GWh from the prior year. Storage power stations accounted for 1,589 GWh (prior year: 1,453 GWh) and run-of-river and pondage power stations for 1,478 GWh (prior year: 1,641 GWh). The total volume of electricity generated and procured in the fiscal year 2021 came to 14,584 GWh (prior year: 15,560 GWh).

Our run-of-river and pondage power stations, along with our flexible storage and pumped storage power stations, which are able to quickly generate electricity (turbine operation) or withdraw electricity from the grid (pumping operation) and store it, make for an optimal power generation structure.

Our power stations, which in total have a nominal output of 1,561 MW (prior year: 1,544 MW), enable us to optimally adapt to energy market conditions. The ability to adjust the output of our storage and pumped storage power stations at short notice allows us to create flexibility products and provide system services. In the event of a blackout, the blackstart capabilities of our power

stations ensure they can supply the power that is needed to resume grid operation and restore regular power supply.

The majority of the electricity purchased from other suppliers comes via Austrian and foreign electricity exchanges as well as OTC markets, with due consideration of optimized procurement structures. Procurement prices saw an above-average rise in the reporting year.

#### Electricity use

Long-standing business relationships as well as new customers won by our sales teams mainly outside Tyrol have helped us maintain our market position.

By gaining new customers, we managed to compensate the loss in sales volume from customers switching to competitors.

The changes on energy markets and the significant price volatility observed in the reporting year raised the stakes and required flexible and short-term marketing as well as optimized power station management. We operate on national and international futures markets and on spot markets, engaging in day-ahead and intraday trading. In the reporting year, we further optimized our marketing activities and further developed our diversified sales strategy.

Electricity sales continue to be faced with a challenging competitive environment. In our core market, Tyrol, electricity sales in 2021 came to 4,001 GWh (prior year: 3,977 GWh), which is 0.6% or 24 GWh more than in the prior-year period. This increase is attributable to downstream distributors selling more electricity, while on the other hand, the volumes sold to special rate customers was, as in the preceding year, still subject to the adverse impacts of the covid-19 pandemic. It was not until April 2021, when the announcement of plans for easing covid-19 restrictions, the end of the tourism winter season, and the economic recovery making itself felt at the same time, combined to produce a gradual return to standard-year capacities.

Electricity sales, which include all trading, distribution and barter activities, were lower than in the preceding year. More specifically, electricity sales in the reporting year totaled 14,584 GWh (prior year: 15,560 GWh). This decline in volume of electricity use is due exclusively to the lower volumes traded in the fiscal year 2021.

Under the electricity labeling scheme imposed by the Austrian Electricity Act 2010 [*Elektrizitätswirtschafts- und -organisationsgesetz/EIWOG*], we supply electricity that comes solely from renewable energy sources. In addition, our subsidiary Ökoenergie Tirol offers our highly ecologically minded customers green electricity generated at a 100% from Tyrolean hydropower. The relevant electricity labeling can be found on customers' bills. Our ongoing customer satisfaction survey showed top scores for our customer support, the Service Center, the customer office and our energy advice services. We are particularly pleased that respondents were fully aware of our unique selling proposition.

#### Investments and maintenance

We invest in the expansion of renewable energy sources and, consequently, in the ecological transformation of the energy system. In the year under report, we remained committed to our projects, investing a total of EUR 284.5 million (prior year: EUR 195.4 million) in existing power stations, in expanding hydropower capacities in Tyrol, in the distribution grid, in information technology, and other areas. Our high equity ratio and well-balanced financing structure enable us to keep up this level of investment also going forward.

#### Maintenance

An extensive revitalization program undertaken from 2017 to 2021 brought our Kühtai power station back up to the latest state of the art. Following commissioning in the summer of 2021, machine 2 was put back into operation. Having finished various remaining work items, we completed the comprehensive Kühtai revitalization program on schedule in the reporting year. Both machines are now fully operational again.

### *Investments and expansion of hydropower capacities in Tyrol*

Our substantial investments in climate friendly hydropower help implement Tyrol's energy strategy and boost economic activity in Tyrol. They come under the headings of new construction, expansion and replacement activities.

Investments in the construction of new hydropower facilities involve financial risk, as the dramatically high initial expenditure pays off only over extremely long operation periods.

The joint power station being built along the Upper Inn river on the border between Austria and Switzerland is a new run-of-river power station. Once completed, the power station project, which has undergone in-depth reviews both in Austria and Switzerland, will generate more than 447 GWh of electricity from local hydropower sources per year. Of this total, some 384 GWh per year will contribute to TIWAG's generation volume, boosting self-generation from ROR and pondage hydropower by more than 28%.

The facilities in Prutz and Ried were finalized some time ago, and the 23.2 km headrace channel was completed in September 2021. In December 2020, we started concreting the floor blocks in the Ovella water catchment plant. In January and February 2021, risk of avalanches resulted in roadblocks and hence caused interruptions. Work on the Ovella weir was going ahead as planned, with completion scheduled for 2022. Geological problems, imponderabilities in times of the coronavirus, as well as steeply rising prices for steel and concrete forced us to adjust construction costs, raising overall capital expenditure from EUR 604.9 million to EUR 620.0 million. Investments in the reporting year came to EUR 33.4 million, with completion scheduled for the fall of 2022. The first year of full operation for the new run-of-river power station is to be 2023. Once in commercial operation, the power station will make a major contribution to the security of supply from renewable energy resources.

The Kühtai pumped storage power station project, which constitutes a major contribution toward the energy transition, supplements the existing Sellrain-Silz group of power stations. The new Kühtai 2 pumped storage power station and the new Kühtai reservoir ensure flexibility in terms of the point of time when renewable energy is generated, while also providing interim storage for electricity generated from other renewable sources. In the future, water from the Stubaital and Ötztal valleys will be absorbed in ecologically reasonable quantities via a total of six water intakes and transported through a 25 km tunnel to the Kühtai reservoir, which will be able to hold about 31 million m<sup>3</sup>. The additional water intake will enable an increase in electricity generation of roughly 216 million kWh per year. The necessary diversion channel will feature a diameter of 4.2 m, and building it will require a tunnel boring machine.

The project was approved by the state government of Tyrol by way of an EIA decision issued as early as in June 2016. It took lengthy proceedings involving several stages of appeal until the EIA approval was confirmed by all relevant highest-instance courts in June 2020. As soon as we had obtained legal security, we decided to start building, and work commenced on April 6, 2021. Currently, the main focus of above-ground activities is initial excavation work for the dam, building an about 630 m bottom outlet tunnel and mounting the tunnel boring machine. In addition, we started work on the tail-water reservoir, and in October 2021, on revitalizing the Inn river in the section between Stams and Rietz. We expect capital expenditure to run to about EUR 1 billion. The facility is expected to become operational in 2026.

The project for the expansion of the Kaurental power station provides for the current power station to be turned into a group of power stations, by adding an upper stage on the Gepatsch reservoir, a second lower stage in Prutz, and an addition to the existing power station in Imst. In 2016/17, the power station project underwent a sustainability assessment by the International Hydropower Association (IHA) in terms of the social, environmental and economic impact of the changes resulting

from the planned construction work and performed well on this score. The application for approval under the EIA Act was filed on July 4, 2012. As proceedings are pending on conflicting project applications concerning the Gurgler Ache river, the project was adapted in the summer of 2017 with respect to water catchment at the Gurgler Ache river.

The revised documentation was submitted to the public authority at the end of 2017. In May 2020, the authority finally provided full instructions for an improvement of the project with respect to revision 2, and currently we are working on preparing revision 3. In the second proceedings under the Water Act, relating to the Venter Ache river, the first-instance ruling was in our favor. However, the municipality of Sölden lodged an appeal with the Supreme Constitutional Court and the Supreme Administrative Court, and the decision is still outstanding.

The Tauernbach-Gruben power station has been planned as a diversion-type power station with water intake and powerhouse. The project was submitted for environmental impact assessment in January 2013. In May 2019, a positive EIA decision was issued for the project. Five appeals were filed against this decision. Evidence-taking was completed at the hearing on September 22 and 23, 2020. On March 18, 2022, the Federal Administrative Court ruled in our favor.

In the Tyrolean uplands, construction of a diversion-type power station is planned at Imst-Haiming, which will re-use the water already used by the Prutz-Imst power station. The project was submitted for environmental impact assessment with the Office of the State Government of Tyrol in 2015. Following additional exploration measures, the project was modified, and the documents for two revisions were re-submitted to the authority. The third revision was filed with the authority on March 31, 2021, and the documents are expected to be made available for public inspection in the spring of 2022.

The first development stage of the existing power station at Schwarzach was planned with a bottleneck capacity of 9.9 MW. The Schwarzach expansion project is aligned with the national strategy for the expansion of hydropower through improving and optimizing existing facilities. Once all approvals and permits had been obtained with final non-appealable effect, we started construction work in the reporting year. Output is expected to increase from 9.9 MW to 16.9 MW, and standard-year working capacity from currently 61 GWh to 83 GWh.

#### Financing

Group finance management pools, and centrally controls, the use of financial instruments as well as activities to control and secure liquidity and optimize the capital structure.

With risk mitigation in mind, we rely on broadly diversified financial instruments to cover our funding needs. In line with our risk-mitigating financing strategy and with due consideration of current interest rate and capital market trends, we currently rely on public investment financing instruments, long-term loans from regional banks, capital market financing, and short-term bank loans to cover peak demand.

The group parent handles external financing for the whole group to benefit from a stronger negotiating position vis-à-vis business partners, passing on funding within the group as needed. At the group subsidiaries, long-term funding needs for investments are met through shareholder loans.

Expanding local hydropower capacities, procuring smart meters for grid operation as mandated by applicable law, and our ongoing investment program require intensified funding measures. In addition to strong internal financing power and own resources, TIWAG can rely on the financing instruments mentioned above to cover its exceptionally high and largely long-term funding needs.

Cash flow from operating activities, as a measure of internal financing capability, amounted to EUR 158 million as at December 31, 2021 (prior year: EUR 185 million). As per the same date, cash and cash equivalents in different forms totaled EUR 58 million (prior year: EUR 37 million). Financial liabilities as per December 31 came to EUR 834 million (prior year: EUR 608 million). Given the continued high volume of investments, we topped up long-term bank loans by EUR 70 million in the fiscal year 2021 (prior year: EUR 74 million), consisting of the first three tranches drawn under a syndicated credit facility. As at December 31, 2021, we had bonds in the amount of EUR 110 million (prior year: EUR 110 million), insurance loans maturing in the spring of 2022 in the amount of EUR 80 million (prior year: EUR 80 million), and long-term bank loans in the amount of EUR 421 million (prior year: EUR 409 million) outstanding. Cash advance facilities as at December 31, 2021, amounted to EUR 160 million (prior year: EUR 0 million).

As we need to have access, at any given time, to a variety of sources of funding on different markets to ensure liquidity in the face of our large-scale investments, we observe and evaluate the developments on the money and capital markets on an ongoing basis. Strong cash flow from operating activities, unused lines of credit, good access to money and capital markets, and group-wide cash pooling are the mainstays of our liquidity support. We use rolling liquidity planning to determine how much cash is needed at any given time, and short-term flexible financing instruments, such as cash advance facilities, to cover such demand.

## 2.2. Electricity segment (regulated)

### General information

The regulated distribution grid, which is vital for a reliable electricity supply, constitutes a robust basis for the group's development. Due to ongoing programs to boost efficiency and the resulting low-cost structure, the regulated distribution grid generates stable and predictable income.

Acting as an independent system operator (ISO) within TIWAG Group, TINETZ-Tiroler Netze GmbH is in charge of the distribution grid in Tyrol, using the grid facilities made available by the parent company and other resources on a lease basis. In addition to the lease agreement, TINETZ has also concluded a personnel secondment agreement and a profit and loss transfer agreement with the parent company. As the system infrastructure remains the property of the parent company, all relevant investments in the grid are recorded in TIWAG's annual financial statements, with depreciation being reflected in the lease payments charged to the subsidiary TINETZ.

Withdrawal from the electricity grid in the fiscal year 2021 rose by 1.3% or 129 GWh to 4,727 GWh (prior year: 4,664 GWh). When compared to the period before the start of the pandemic, withdrawal still remained about 5% lower (figure for 2019: 4,943 GWh). The reduction in withdrawal from the grid in 2020 and 2021 was due to the lockdowns imposed because of covid-19 and the corresponding decline in tourism, hotel and cable car operations.

The system utilization charge for transporting this volume of electricity came to EUR 134 million (prior year: 129 million). System charges were based on the 2021 Amendment to the System Charges Regulation 2018 [*Systemnutzungstarife-Verordnung 2018 – Novelle 2021*], which in turn is based on the rules for determining the allowed cost for system charges for the 4<sup>th</sup> regulatory period (2019–2023). Including all surcharges and taxes as well as the system-induced change in the regulatory account, sales revenue in the regulated electricity segment amounted to EUR 210 million (prior year: EUR 214 million).

### Regulatory framework

To ensure that the grid infrastructure is working smoothly, all investments and expenses were refunded via system charges set by E-Control.

The key parameters used in determining these system charges are the regulatory asset base, the weighted average cost of capital, the cost reduction targets, and adjustments for inflation.

The basis for determining the allowed costs for 2021 were the costs that are within the company's control, as determined by E-Control, for 2016. Then the operating expenditure (OPEX) within the company's control was reconciled with the target, and the capital expenditure (CAPEX) within the company's control was calculated based on an efficiency-related interest rate. The costs thus determined were adjusted in line with parameters which are redefined every year under the applicable regulatory formula. In the reporting year, the parameters used included the operating cost factor, the cost items not within the company's control, the regulatory account, the system time lag, and, for the last time, the carryover. Finally, the various system charges were set off against the system costs to arrive at the remaining cost for determining the system utilization charge.

Given the generally low interest rates, the weighted average cost of capital rate was lowered already at the start of the last regulatory period. However, in a bid to provide incentives for further investment and improvements in efficiency, the weighted average cost of capital rates were broken down by efficiency, existing facilities, and new facilities. The cost reduction targets and the weighted average cost of capital rate have been set by E-Control for the duration of the entire regulatory period. The most recent regulatory period for the electricity distribution grid started on January 1, 2019, lasting five years from this date.

For the 2022 system charges, Energie-Control Austria (ECA) launched the procedure for setting the costs, targets and the volume situation in February 2021. In mid-October 2021, once the relevant documents and the stakeholder comments had been received, an administrative decision was issued setting out the costs for system construction, expansion, maintenance and operation for 2022, which form the basis for the system charges. The system utilization charges were determined by way of a regulation issued on December 17, 2021 (Federal Law Gazette II 558/2021).

### Investments

The expansion of renewable energy capacities raises the demands our electricity distribution grid has to meet, requiring sizable investment in regulated grid areas.

As demand for grid performance is growing, the capacities of the distribution grid have been ramped up. More specifically, it was necessary to build, expand and renovate existing substations to meet customer demand. Moreover, we went ahead with retrofitting and expanding existing lines, poles and cables and proceeded with line construction work. Investments in system infrastructure, which came to EUR 68 million in the reporting year, were made by the parent company in its role as lessor.

Following an extension by 87 km, total line length was 11,518 km (prior year: 11,431 km), while the total system length was 12,090 km (prior year: 12,003 km). In the medium-voltage grid, cabling density amounted to about 72% (prior year: 70.7%), in the low-voltage grid to about 88% (prior year: 86.8%). On the consumer side, we linked up a total of 1,493 customer systems (prior year: 1,443) with a connected load of 42,282 kW (prior year: 35,367 kW) to the distribution grid in 2021. Additionally, the capacity of existing systems was expanded by 20,708 kW (prior year: 23,212 kW), raising the output demand to be covered by our distribution grid by 62,990 kW (prior year: 58,579 kW). In the reporting year, 1,386 injecting parties (prior year: 790) with a bottleneck output of 24,436 kW (prior year: 13,143 kW) were connected to our distribution grid, with a further 4,726 kW added by capacity expansions in existing facilities, most of them PV systems. In total, 8,200 photovoltaic stations with an overall bottleneck capacity of 112,268 kW were connected to the distribution grid by the end of 2021.

### Supply security

In spite of the continuing covid-19 pandemic, we were able to handle all grid-related processes, in particular critical processes, without any relevant restrictions in the year under report. No major incidents were recorded in 2021 with respect to the operation of our distribution grid.

Power supply availability came to almost 100% in the reporting year.

Average non-availability due to unscheduled events amounted to 14.97 minutes per end-consumer (prior year: 101.2). Due to extreme weather events accounting for 84.2 minutes, the prior-year figure had been much higher.

As far as the introduction of smart metering in our supply area is concerned, the relevant implementation program was started as early as in January 2014. In the year under report, the Federal Ministry for Climate Protection drew up an amendment to the Introduction of Smart Meters Regulation [*Intelligente Messgeräte Einführungsverordnung, IME-VO*], which was promulgated in the Federal Law Gazette (BGBl II 9/2002) on January 13, 2022. The amendment provided for the installation of 95% of smart meters by the end of 2024, with a milestone target of 40% by 2022. Within the scope of the Cooperation West initiative, TIWAG awarded the contract for the supply of these smart meters to a consortium. All key procurement activities for the smart meter program have been completed already. We are in regular contact with all the relevant service providers and provide information on the latest status of mass roll-out dates. The central systems procured jointly in cooperation with Innsbrucker Kommunalbetriebe AG are subject to ongoing testing. Endurance testing of the meter data management system, which is crucial for compliance with the remaining time schedule, was completed in the first half of 2021.

The first pilot trial of meters in customer systems started already in December 2019. Based on the insights thus gained, a second pilot phase was carried out, with the first batch of smart meters being installed on site at customers' facilities. Early in March 2021, the external assembly team installed smart meters in the municipalities of Ampass and Jenbach. Roll-out continued from April 2021, with the number of meters installed being

increased each month to attain the planned average amount of 7,500 units per month. The 50,000 smart meter mark was passed in November of the reporting year. We will have to install about 300,000 smart meters with customers by the end of 2024.

The swift progress of the digital transformation comes with risks and opportunities in information technology. The relevant legal framework is provided by the Network and Information Systems Security Act [*Netz- und Informationssicherheitsgesetz*], which entered into force in 2018 and sets high information security standards for network operators. Among other things, the Act provides for the establishment of sector-specific Computer Security Incident Response Teams (CSIRTs) and audits of technical and organizational security measures by a qualified body. Such an audit was carried out in the reporting year, with the competent authority confirming that we have effective information security measures in place that meet the latest state of the art. We are certified in accordance with ISO 27001, the international standard for information security, and ISO 27019, a standard focusing on the existing information security and management system.

### 2.3. Gas and heat (non-regulated and regulated)

#### General information

Natural gas has a key role in heat generation and is an important energy source for commerce and industry. Gas will also remain indispensable for ensuring energy security and energy supply as a bridge technology for the next few years. Our gas business is impacted by a number of factors, strong drivers among them being framework conditions, in particular political pressure on fossil energies, the competitive environment, and the high levels of temperature-related price volatility on both the supply and the demand side. Globally, the fiscal year 2021 saw above all an increase in demand in Asia, which set prices on exchanges skyrocketing to new record highs as compared to the preceding year.

### Natural gas and heat generation and procurement

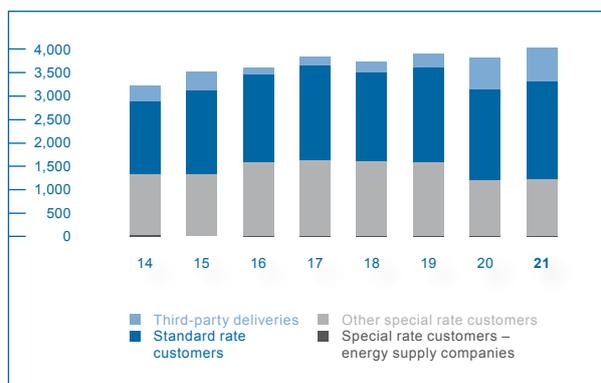
Given the extreme pricing situation which developed starting from the second half of 2021 and led to unprecedented fluctuations in gas trading prices, we came under pressure where gas procurement was concerned. Faced with wildly fluctuating prices and an above-average rise in consumption as compared to anticipated volumes, we had to procure additional gas throughout the year and recognize provisions for onerous contracts for various customers. Due to these exceptional circumstances, the Trading segment fell short of net income targets.

The completion of the district heat transport link between Wattens and Innsbruck enabled us to leverage previously unused industrial waste heat potential. To achieve this, we entered into several cooperation agreements with business partners. The heat, which comes from a range of different sources, is fed into existing heat systems along this long-distance transportation link and from there into the heat system in Volders, which is being continually expanded.

### Natural gas and heat sales

Due to the temperatures recorded, the reporting year saw sales volumes of natural gas and biogas above plan and above prior-year levels. Growth was even more pronounced in Natural Gas Trading, as the number of customers increased significantly in all market areas outside Tyrol. Temperatures measured in heating degree days were 4.5% (prior year: 11.3%) above the long-term average.

In spite of unprecedented fluctuations in wholesale prices, we still offered natural gas in Tyrol and in the other market areas in Austria (Vorarlberg and East) as well as in Germany at competitive terms and conditions. On October 1, 2021, the two former German market areas Gaspool and Net Connect Germany were merged to form one market area with a joint virtual trading point. By comparison with other Austrian regional gas suppliers, our products TIGAS Best-Comfort, TIGAS Best-Online, TIGAS-Best-Flex and TIGAS-Best-Bio make us the best-price supplier in Tyrol.



Natural gas sales (network) – by customer groups (in GWh)

Across all markets, natural gas and biogas sales came to an aggregate of 6,194 GWh (prior year: 5,403 GWh), while sales of natural gas and biogas to customers in Tyrol amounted to 3,713 GWh (prior year 3,506 GWh), which is 5.9% more than in the preceding year. Gas sales in Austria outside Tyrol stood at 1,381 GWh (prior year: 1,055 GWh), at 1.099 GWh (prior year: 841 GWh) in Germany and at 1 GWh (prior year: 1 GWh) in Italy. In the fiscal year 2021, the number of gas supply contracts with household and commercial customers in Tyrol grew by 936 (prior year: 1,262).

The number of metering points supplied rose by 980 (prior year: 1,190). At year-end 2021, TIGAS was thus supplying a total of 55,056 standard-rate customers (prior year: 54,076).

Since the start of the fiscal year 2021, sales activities have been pooled based on a management agreement with the parent company. This agreement covers the management of sales activities, which includes powers for entering into and terminating contracts, setting prices, drawing up marketing strategies, handling product management and market communications.

Given the growing importance of the district heat business, we continued to ramp up our activities in this field. The core element of this business segment is the district

heat transportation link in Tyrol's central residential area, from Wattens to Innsbruck, which was completed in 2018. Heat sales came to 157,850 MWh (prior year: 147,579 MWh) in the reporting year, up 7% year-on-year.

#### Natural gas systems

In the year under report, we consolidated existing systems in line with demand, making further investments in capacity expansion. Overall, TIGAS laid some 67 km (prior year: 77 km) of regional supply lines, 17 (prior year: 22) of which were last mile connections. Taking into account regional branch lines, the regulated gas system grew by 84 km (prior year: 100 km) to approx. 3,926 km (prior year: 3,849 km) in total. At year-end 2021, TIGAS was supplying some 120,000 households, commercial and industrial enterprises in about 175 communities in Tyrol.

As for the legal framework for the gas industry, the Natural Gas Sector Act [*Gaswirtschaftsgesetz*], along with the balance group model, regulate non-discriminatory system access based on system charges imposed by the competent public authority.

The fact that the rate of the weighted average cost of capital (WACC) was significantly reduced at the start of the 3<sup>rd</sup> regulatory period in 2018 is crucial for determining the charges. The regulatory scheme provides for different WACC rates to be applied, depending on the time at which the regulatory asset base increased.

The annually accumulating efficiency target imposed by E-Control will impact more and more strongly on the level of operating costs included in recognized system costs the longer the incentive regulations apply.

While inflation is being compensated under the incentive regime, it is not covered completely, in particular with respect to personnel costs, which showed a tendency to rise faster than inflation and were thus taken into account only partly. Depreciation and amortization as well as interest on the regulatory asset base are not contingent on the efficiency target but are compensated in full.

Faced with higher demand for district heat, we significantly ramped up investment this field. In addition to the

district heat systems connected to the district heat transport link which already exist or are under construction or being expanded, we built more district heat distribution facilities in municipalities along the transportation link in 2021.

#### Investments

With the basic structure of the natural gas supply system for Tyrol's central residential and industrial areas being largely completed, our construction activities now focus on further consolidating the natural gas systems in line with demand and ramping up capacities as needed. In the year under report, we invested EUR 34 million in gas and district heat infrastructure (prior year: EUR 33 million), EUR 8 million (prior year: EUR 3 million) of which are attributable to district heat.

#### 2.4. Equity investments and miscellaneous

At the Verbund AG General Meeting of Shareholders held on April 20, 2021, a resolution was passed to distribute a dividend of EUR 0.75 per no-par value share (prior year: EUR 0.69 per no-par value share) for the fiscal year 2020. The dividend received thus amounted to EUR 21.4 million, higher than the prior-year amount of EUR 19.7 million. The Verbund share performed well from January to December 2021. At the beginning of the year, shares were traded for EUR 71.00 per share and ended out the year at EUR 98.90 per share. The highest value in the fiscal year was recorded on December 22, 2021, at EUR 106.20 per share.

At the Shareholders' Meeting of Innsbrucker Kommunalbetriebe AG held on July 2, 2021, a resolution was passed to distribute EUR 22.7 million from net retained profit (prior year: EUR 23.2 million). TIWAG received a dividend of EUR 11.1 million (prior year: EUR 11.2 million).

At the Shareholders' Meeting of Energie AG Oberösterreich held on December 17, 2021, a resolution was passed to distribute a dividend of EUR 0.75 per no-par value share for the fiscal year 2020/2021 (prior year: EUR 0.60 per share). EUR 5.5 million (prior year: EUR 4.4) million were received by TIWAG.



### 3. FINANCIAL POSITION, CASH FLOWS AND PROFIT OR LOSS (SEPARATE FINANCIAL STATEMENTS)

#### Profit/loss (separate financial statements)

Given the difficult environment, exploding energy prices in the second half of 2021 and the covid-19 crisis, which impacted our net operating income only in some respects, we were faced with another highly challenging year.

In spite of this, we generated sales revenue in the amount of EUR 1,192.8 million (prior year: EUR 853.1 million), raising our net operating income by EUR 11.0 million to EUR 100.1 million (prior year: EUR 89.1 million). This development confirms that we are strategically well positioned, that our business model is working and that our corporate strategy is pointing us in the right direction.

Sales revenue presents as follows:

	2021		2020		Change year-on-year	
	mEUR	in %	mEUR	in %	mEUR	in %
Electricity sales	1,049.9	88.0	716.6	84.0	333.2	46.5
Lease revenue	113.4	9.5	111.4	13.1	1.9	1.7
Other sales revenue	29.5	2.5	25.1	2.9	4.5	17.8
<b>TOTAL Sales revenue</b>	<b>1,192.8</b>	<b>100.0</b>	<b>853.1</b>	<b>100.0</b>	<b>339.6</b>	<b>39.8</b>

Revenue from electricity sales rose by 46.5% to EUR 1,049.9 million (prior year: EUR 716.6 million). This increase is due above all to price effects in the electricity business. Overall, 58.3% of the sales revenue in the reporting year (prior year: 59.8%) was attributable to Austria, while the remaining 41.7% (prior year: 40.2%) was generated abroad. Other operating income rose from EUR 12.2 million to EUR 18.1 million in 2021, mainly due to increased gains from the sale of non-current assets and compensation payments for an interruption to operations due to a machine breakdown in the preceding year.

Operating expenses developed as follows:

	2021		2020		Change year-on-year	
	mEUR	in %	mEUR	in %	mEUR	in %
Expenses for electricity procurement	852.2	74.9	521.5	65.0	330.7	63.4
Personnel expenses	148.0	13.0	138.4	17.3	9.7	7.0
Depreciation, amortization and write-downs	72.1	6.3	70.9	8.8	1.2	1.8
Other operating expenses	65.3	5.8	71.5	8.9	-6.2	-8.6
<b>TOTAL Operating expenses</b>	<b>1,137.6</b>	<b>100.0</b>	<b>802.3</b>	<b>100.0</b>	<b>335.4</b>	<b>41.8</b>

Expenses for electricity procurement rose by EUR 330.7 million to EUR 852.2 million (prior year: EUR 521.5 million). This increase is mainly a reflection of price effects in the electricity sector.

At EUR 148.0 million, personnel expenses were up EUR 9.7 million year-on-year (prior year: EUR 138.4 million). Wages and salaries were raised by 1.5% in 2021 (prior year: 2.6%) based on the applicable collective bargaining agreement. The rise in expenses for severance payments and pensions is due mainly to the change in provisions for severance payments and old-age pensions which results from the balance of future adjustments for inflation (severance payments and pension trend) and the higher actuarial interest rate. Expenses for pensions also include the changes in provisions for outsourced pension obligations, the measurement method for which was changed in 2021. Instead of recognizing the difference between the aggregate pension obligation and the value of the assets used to fund the obligation, 2021 was the first year where the present value of estimated future payments was used to calculate provisions.

Taking account of the higher actuarial interest rate and the higher inflation adjustment, expenses for pensions are higher by EUR 6.7 million than in the preceding year. In the reporting period, depreciation, amortization and write-downs increased by EUR 1.2 million to EUR 72.1 million (prior year: EUR 70.9 million). This item includes the write-down of an equity investment in the amount of EUR 0.8 million (prior year: EUR 3.9 million) in the fiscal year. Given our ambitious investment program and the fact that the power stations currently under construction

will be taken live in the future and advance payments for electricity procurement rights will be transferred, depreciation and amortization is expected to increase in the years to come.

Other operating expenses came to EUR 65.3 million (prior year: EUR 71.5 million), which is 6.2% lower than in the preceding year. This decline was attributable to external services accounting for EUR 8.2 million less than in the preceding year, while, conversely, compensation payments increased by EUR 0.7 million and IT expenses by EUR 0.6 million.

Net finance income breaks down as follows:

	2021	2020	Change year-on-year	
	mEUR	mEUR	mEUR	in %
Income from investments	43.0	50.4	-7.4	-14.6
Other finance income	48.7	48.6	0.1	0.3
Expenses related to financial assets	-0.6	-6.0	5.4	-90.0
Interest expenses	-16.4	-88.6	72.2	-81.4
<b>TOTAL Net finance income</b>	<b>74.6</b>	<b>4.4</b>	<b>70.2</b>	<b>&gt;100</b>

Income from investments fell by EUR 7.4 million to EUR 43.0 million (prior year: EUR 50.4 million). The reduction is mainly attributable to the fact that the prior year figures included a profit distribution by group subsidiary TIGAS-Erdgas Tirol GmbH in the amount of EUR 8.6 million. In the reporting year, other finance income comprised the reversal of impairment losses on an equity investment in the amount of EUR 22.8 million (prior year: EUR 43.5 million), interest income based on changes in actuarial interest, as well as changes in the interest rate for present value discounting of provisions for employee benefits in the amount of EUR 21.4 million (prior year: EUR -75.7 million).

Expenses related to financial assets came to EUR 0.6 million (prior year: EUR 6.0 million). In the previous year, this item included a write-down as well as a loss on the disposal of non-current financial assets in the amount of EUR 5.4 million. Interest expenses came to EUR 16.4 million in the reporting year (prior year: EUR 88.6 million). In the preceding year, interest and similar expenses had still included an interest element for provisions

for employee benefits in the amount of EUR 75.7 million, which had resulted from the low capital market interest rates applicable to accounting at the time.

Key profit/loss items:

	2021		2020		Change year-on-year	
	mEUR		mEUR		mEUR	in %
Net operating income	100.1		89.1		11.0	12.4
Net finance income	74.6		4.4		70.2	>100
Profit before taxes	174.7		93.5		81.2	87.0
Net income for the year	142.5		88.9		53.6	60.3

Overall, the challenging energy industry environment had positive effects on the performance of our business. Net operating income was highly satisfactory in 2021, rising from EUR 89.1 million to EUR 100.1 million, while net finance income grew by EUR 70.2 million in total to EUR 74.6 million (prior year: EUR 4.4 million). After taxes on income, the fiscal year 2021 generated substantial net profit for the year of EUR 142.5 million (prior year: EUR 88.9 million).

### Asset and capital structure (separate financial statements)

The asset and capital structure developed as follows in the year under report:

Asset structure (separate financial statements)	2021		2020		Change year-on-year	
	mEUR	in %	mEUR	in %	mEUR	in %
<b>Non-current assets</b>						
Fixed assets	2,985.9	88.3	2,735.1	89.5	250.8	9.2
Non-current receivables and assets	93.4	2.8	101.2	3.3	-7.7	-7.7
Deferred tax assets	10.2	0.3	19.2	0.6	-9.0	-46.9
<b>Current assets</b>						
Inventories	4.1	0.1	3.4	0.1	0.8	23.4
Current receivables and assets	229.4	6.8	165.6	5.4	63.7	38.5
Cash and cash equivalents	57.0	1.7	32.9	1.1	24.1	73.2
<b>TOTAL Assets</b>	<b>3,380.1</b>	<b>100.0</b>	<b>3,057.4</b>	<b>100.0</b>	<b>322.7</b>	<b>10.6</b>

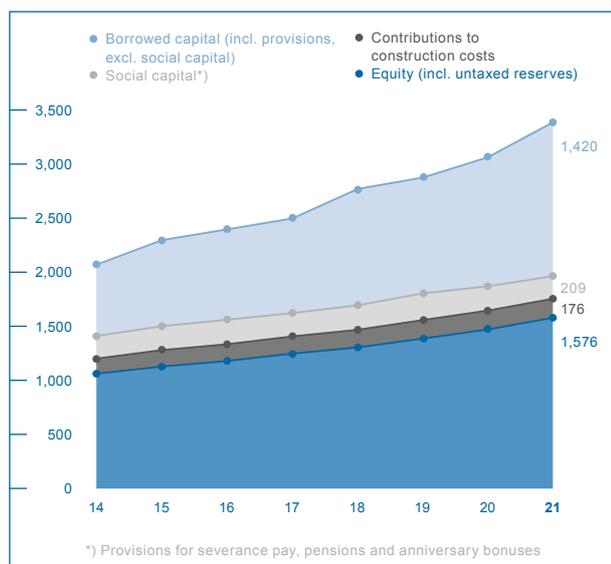
As at the balance sheet date, total assets amounted to EUR 3,380.1 million, up EUR 322.7 million from EUR 3,057.4 million recorded as at December 31, 2020. On the asset side, non-current assets rose by EUR 250.8 million to EUR 2,985.9 million (prior year: EUR 2,735.1 million) due to our ambitious investment program. The advance payments for the electricity procurement right for the joint Inn river power station increased by EUR 27.5 million (prior year: EUR 30.6 million), while property, plant and equipment saw a total increase by EUR 185.5 million (prior year: EUR 94.6 million). As in the preceding year, the growth in property, plant and equipment is due mainly to the investments made to expand hydropower capacities in Tyrol. The fiscal year 2021 saw investments of EUR 284.5 million (prior year: EUR 195.4 million) in intangible assets and property, plant and equipment.

Of this amount, EUR 182.3 million (prior year: EUR 94.5 million) is attributable to additions in generation, and EUR 68.2 million (prior year: EUR 61.6 million) to addi-

tions to the grid system. In the reporting year, advance payments made and construction in progress amounted to EUR 205.3 million (prior year: EUR 99.7 million). Current assets increased year-on-year by EUR 88.6 million to EUR 290.6 million (prior year: EUR 201.9 million). As at the balance sheet date, cash and cash equivalents stood at EUR 57.0 million (prior year: EUR 32.9 million), an increase of EUR 24.1 million year-on-year. The rise in current assets is due both to the high electricity prices recorded shortly before the balance sheet date and to higher inflows from security deposits. As a result of the above, current assets grew in relation to non-current assets. More specifically, 91.4% (prior year: 93.4%) of assets were non-current, while the remaining 8.6% (prior year: 6.6%) comprised current assets.

The capital structure provides information about capital origin and components as well as about capital nature and maturity. TIWAG's capital structure presents as follows:

Capital structure (separate financial statements)	2021		2020		Change year-on-year	
	mEUR	in %	mEUR	in %	mEUR	in %
<b>Non-current funding</b>						
Shareholders' equity	1,576.0	46.6	1,468.6	48.0	107.4	7.3
Investment grants and contributions to construction costs	184.9	5.5	182.2	6.0	2.7	1.5
Non-current provisions	226.1	6.7	244.7	8.1	-18.6	-7.6
Non-current liabilities	593.7	17.6	664.9	21.7	-71.2	-10.6
<b>Current funding</b>						
Current provisions	306.6	9.1	328.2	10.7	-21.6	-6.6
Current liabilities and deferrals and accruals	492.8	14.6	168.8	5.5	324.0	>100
<b>TOTAL Equity and liabilities</b>	<b>3,380.1</b>	<b>100.0</b>	<b>3,057.4</b>	<b>100.0</b>	<b>322.7</b>	<b>10.6</b>



Capital performance (in mEUR)

As at the balance sheet date, shareholder's equity amounted to EUR 1,576.0 million (prior year: EUR 1,486.6 million), up EUR 107.4 million year-on-year. This increase in equity is attributable to the positive earnings situation in the fiscal year 2021. EUR 142.5 million (prior year: EUR 88.9 million) of our net income for the year remained undistributed, while the remaining EUR 31.3 million (prior year: EUR 35.3 million) were recorded as net retained profit available for distribution. The EUR 35.0 million dividend distributed in 2021 had the opposite effect. Given the steep rise in total assets, caused by our investments, to EUR 3,380.1 million, the equity ratio decreased by 1.4% year-on-year, coming to 46.6% (prior year: 48.0%) as at the balance sheet date.

Non-current liabilities decreased by EUR 87.1 million, due above all to the reclassification from non-current funding to current funding of loans in the amount of EUR 130.0 million as they are scheduled to be repaid early in 2022. In addition, current liabilities increased in 2021, one of the reasons being the taking out of cash advance facilities in the amount of EUR 60.0 million.

**Cash flows (separate financial statements)**

Cash flows and cash and cash equivalents developed as follows in the reporting year:

	2021 mEUR	2020 mEUR
<b>Net cash flow from operating activities</b>		
Profit before taxes	174.7	93.5
+/- Depreciation, amortization, write-downs / write-ups	49.4	31.7
-/+ Gains / losses on the disposal of assets	-1.2	0.3
+/- Contributions to construction costs, investment grants	2.6	1.6
-/+ Income from investments, interest income, interest expense	-27.7	-26.2
+/- Sundry non-cash items	-3.2	-3.2
<b>Net cash flow from net operating income</b>	<b>194.8</b>	<b>97.7</b>
-/+ Inventories / receivables, other assets	-63.2	-16.5
+/- Provisions	-40.2	66.0
+/- Payables, other liabilities	50.3	12.1
<b>Net cash flow from operating activities before taxes</b>	<b>141.6</b>	<b>159.4</b>
-/+ Income taxes paid	-11.2	-10.1
<b>Net cash flow from operating activities</b>	<b>130.5</b>	<b>149.3</b>
<b>Net cash flow from investing activities</b>		
+ Proceeds from the disposal of property, plant and equipment	1.7	0.6
+ Proceeds from the disposal of financial assets	9.9	74.0
- Payments for additions to assets	-284.5	-195.4
- Payments for additions to financial assets	-26.1	-63.0
+ Proceeds from income from investments / interest income	51.7	38.0
<b>Net cash flow from investing activities</b>	<b>-247.3</b>	<b>-145.9</b>
<b>Net cash flow from financing activities</b>		
- Dividends paid	-35.0	-5.0
+ Proceeds from bonds, loans	230.0	74.0
- Redemption of loans, bonds	-5.3	-22.0
+/- Other proceeds and payments	-21.1	-23.7
- Payments for interest	-14.0	-12.9
<b>Net cash flow from financing activities</b>	<b>154.7</b>	<b>10.3</b>
<b>Net change in cash and cash equivalents</b>	<b>37.8</b>	<b>13.6</b>
Cash and cash equivalents at the beginning of the period	35.7	22.1
<b>TOTAL Cash and cash equivalents at the end of the period</b>	<b>73.5</b>	<b>35.7</b>
<i>of which cash pooling</i>	<i>16.5</i>	<i>2.8</i>
<i>of which cash in hand and cash at bank</i>	<i>57.0</i>	<i>32.9</i>

Net cash flow from net operating income rose sharply in 2021 given the high profit before taxes, while working capital showed the opposite effect above all because of soaring energy prices seen in both sales and procurement towards the end of the year. Overall, net cash flow from operating activities decreased by EUR 18.8 million to EUR 130.5 million.

Net cash flow from investing activities saw a significant rise in the reporting year. Year-on-year, cash paid increased by EUR 101.4 million or 69.5% to EUR 247.3 million. This increase is attributable mainly to the substantial growth of investments in property, plant and equipment, above all in connection with the expansion of hydropower capacities in Tyrol.

Higher outflows for investments in property, plant and equipment and financial assets naturally required higher inflows from financing activities. Net cash flow from financing activities in the amount of EUR 154.7 million mainly encompassed the dividend distribution of EUR 35 million, long-term borrowing in the amount of EUR 70 million, and current cash advance facilities in the amount of EUR 160.0 million. Cash flow from financing activities rose by EUR 144.4 million year-on-year.

As we have easy access to the capital markets, we have no problems in covering our liquidity needs in spite of our ambitious investment program. This is above all due to our business model, which generates sustainable and profitable growth, and to our excellent credit standing. The parent company, TIWAG-Tiroler Wasserkraft AG, is managing a cash pool for the group, procuring and securing short-term liquidity for ourselves and our subsidiaries. The long-term financing needs of our subsidiaries are met within the group by way of shareholder loans.

#### 4. FINANCIAL POSITION, CASH FLOWS AND PROFIT OR LOSS (CONSOLIDATED FINANCIAL STATEMENTS)

##### Profit/loss (consolidated financial statements)

The consolidated sales revenue breaks down as follows:

	2021		2020		Change year-on-year	
	mEUR	in %	mEUR	in %	mEUR	in %
Revenue from electricity sales	1,272.7	80.2	900.0	79.6	372.6	41.4
Revenue from gas sales	273.3	17.2	194.3	17.2	79.0	40.7
Revenue from heat sales	17.8	1.2	16.2	1.4	1.6	9.8
Other sales revenue	22.9	1.4	19.9	1.8	3.1	15.5
<b>TOTAL Sales revenue</b>	<b>1,586.7</b>	<b>100.0</b>	<b>1,130.4</b>	<b>100.0</b>	<b>456.3</b>	<b>40.4</b>

In the fiscal year 2021, electricity sales revenue stood at EUR 1,272.7 million (prior year: EUR 900 million), up 41.4% (prior year: 11.6%) year-on-year. The main reason for this development was the marked rise in electricity prices, which, apart from the household customers sector, were reflected in higher revenue from special rate customers, distributors, and trading.

Revenue from gas sales also rose in the reporting year, by 40.7% to EUR 273.3 million (prior year: EUR 194.3 million) across all customer segments, the rise being fueled by the extreme price situation on the gas markets. Temperatures measured in heating degree days were 4.5% (prior year: 11.3%) above the long-term average. At EUR 17.8 million, revenue from heat sales was EUR 1.6 million or 9.8% above the level of the preceding year (EUR 16.2 million).

The consolidated operating expenses present as follows:

	2021		2020		Change year-on-year	
	mEUR	in %	mEUR	in %	mEUR	in %
Expenses for materials	1,143.3	75.3	680.6	65.2	462.7	68.0
Personnel expenses	159.0	10.5	147.7	14.2	11.3	7.7
Depreciation, amortization and write-downs	97.4	6.4	95.3	9.1	2.1	2.2
Other operating expenses	118.9	7.8	120.5	11.5	1.5	-1.3
<b>TOTAL Operating expenses</b>	<b>1,518.7</b>	<b>100.0</b>	<b>1,044.1</b>	<b>100.0</b>	<b>474.6</b>	<b>45.4</b>

In line with sales revenue, material expenses rose by EUR 462.7 million to EUR 1,143.3 million (prior year: EUR 680.6 million), such rise also being attributable to the sharp increase in energy prices seen on the procurement markets as from mid-2021. While sales revenues, which were based mainly on energy transactions, increased by EUR 456.3 million (prior-year decrease: EUR 154.0 million), expenses for materials grew by EUR 462.7 million (prior-year decrease: EUR 176.3 million).

At EUR 159.0 million, personnel expenses were up EUR 11.3 million year-on-year (prior year: EUR 147.4 million). While current expenses for wages and salaries declined by EUR 0.6 million or 0.6% year-on-year, expenses for severance payments rose by EUR 3.8 million in the reporting year. Group-wide expenses for pensions came to EUR 19.3 million, up EUR 7.5 million on the previous year.

In the reporting period, depreciation, amortization and write-downs increased by EUR 2.1 million to EUR 97.4 million (prior year: EUR 95.3 million). This item includes write-downs of property, plant and equipment in the amount of EUR 0.8 million (prior year: EUR 3.9 million).

Other operating expenses declined by EUR 1.5 million year-on-year, mainly because the reduced share of external services in the electricity sector.

Net finance income breaks down as follows:

	2021 mEUR	2020 mEUR	Change year-on-year	
			mEUR	in %
Net income from associated companies	14.8	17.9	-3.1	-17.4
Other net income from investments	28.4	26.3	2.1	8.1
Other income from securities	0.4	0.3	0.1	49.0
Interest and similar income	46.4	4.8	41.5	>100
Interest and similar expenses	-16.5	-89.6	73.1	-81.6
Expenses related to financial assets	-10.1	-11.5	1.4	-12.3
<b>TOTAL Net finance income</b>	<b>63.4</b>	<b>-51.8</b>	<b>115.1</b>	<b>&gt;100</b>

As compared to the preceding year, the income from our associated companies Innsbrucker Kommunalbetriebe AG and Südtirolgas AG decreased by EUR 3.1 million to EUR 14.8 million. The remainder of net income from associated companies consists mainly of the dividends paid by VERBUND AG, which rose by EUR 0.7 million to EUR 21.4 million in the reporting year, and the profit distribution by Energie AG Oberösterreich in the amount of EUR 5.5 million (prior year: EUR 4.4 million).

Year-on-year, interest and similar income increased by EUR 41.5 million to EUR 46.4 million. In the reporting year, this item included income in the amount of EUR

22.7 million for the reversal of impairment losses on an equity investment, and the interest element for provisions for employee benefits in the amount of EUR 21.6 million.

Interest and similar expenses came to EUR 16.5 million. In the previous year, this item had still included an interest element for provisions for employee benefits in the amount of EUR 76.7 million.

Expenses related to financial assets amounted to EUR 10.1 million (prior year: EUR 11.5 million). This item includes the write-down of an equity investment in the amount of EUR 10.0 million (prior year: EUR 10.4 million).

Key profit/loss items for the group:

	2021 mEUR	2020 mEUR	Change year-on-year	
			mEUR	in %
Net operating income	119.5	130.7	-11.2	-8.6
Net finance income	63.4	-51.9	115.2	>100
Consolidated profit before taxes	182.8	78.8	104.0	>100
Consolidated net income for the year	146.4	63.7	82.6	>100

Operating business performance in the reporting year was satisfactory. Consolidated net operating income amounted to EUR 119.5 million (prior year: EUR 130.7 million). By comparison, net finance income soared, which is attributable to several factors. Finance income in the fiscal year 2021 saw a reversal of impairment losses in the amount of EUR 22.7 million, the majority of the positive development being due to changes in provisions for employee benefits recorded in net finance income.

In the reporting year, interest and similar income contained an interest element of EUR 21.6 million (prior year: EUR 0.0 million) and interest and similar expenses contained an interest element of EUR -0.8 million (prior year: EUR -76.7 million). As a result of these effects on consolidated net finance income, consolidated net income before taxes and consolidated net income for the year were substantially higher than in the previous year.

## Asset and capital structure (consolidated financial statements)

The asset structure developed as follows in the year under report:

Asset structure (consolidated financial statements)	2021		2020		Change year-on-year	
	mEUR	in %	mEUR	in %	mEUR	in %
<b>Non-current assets</b>						
Fixed assets	3,188.2	87.0	2,919.4	89.4	268.8	9.2
Non-current receivables and assets	93.4	2.5	101.1	3.1	-7.7	-7.6
Deferred tax assets	10.0	0.3	19.5	0.6	-9.4	-48.4
<b>Current assets</b>						
Inventories	7.2	0.2	6.6	0.2	0.6	9.1
Current receivables and assets and deferrals and accruals	309.6	8.4	183.6	5.6	126.0	68.8
Cash and cash equivalents	58.3	1.6	36.5	1.1	21.8	59.6
<b>TOTAL Assets</b>	<b>3,666.7</b>	<b>100.0</b>	<b>3,266.7</b>	<b>100.0</b>	<b>400.0</b>	<b>12.2</b>

In 2021, non-current assets grew by 9.2% to EUR 3,188.2 million. The main reason for this increase were major investments, which amounted to EUR 353.1 million (prior year: EUR 301.4 million). Property, plant and equipment accounted for EUR 326.0 million (prior year: EUR 237.3 million) of recorded additions, while financial assets accounted for EUR 26.1 million (prior year: EUR 63.1 million). The increase in the value of non-current assets is the main driver for the growth in total assets, which once again reached a historic high at EUR 3,666.7 million. Current assets rose by EUR 148.4 million to EUR 375.1 million (prior year: EUR 226.7 million). Due to energy prices spiking towards year-end, current trade receivables rose by EUR 108.4 million to EUR 233.2 million (prior year: EUR 124.7 million). As at December 31, 2021, cash and cash equivalents had increased by EUR 21.8 million to EUR 58.3 million.

A comparison of non-current and current assets shows an increase in the latter. More specifically, 89.8% (prior year: 93.1%) of assets were non-current, while the remaining 10.2% (prior year: 6.9%) comprised current assets.

The capital structure developed as follows in the year under report:

Capital structure (consolidated financial statements)	2021		2020		Change year-on-year	
	mEUR	in %	mEUR	in %	mEUR	in %
<b>Non-current funding</b>						
Consolidated equity	1,608.3	43.9	1,498.2	45.9	110.2	7.4
Investment grants and contributions to construction costs	320.1	8.7	310.2	9.5	9.9	3.2
Non-current provisions	230.1	6.3	249.1	7.6	-19.0	-7.6
Non-current liabilities and deferrals and accruals	593.8	16.2	664.9	20.4	-71.1	-10.7
<b>Current funding</b>						
Current provisions	336.7	9.2	357.2	10.9	-20.6	-5.8
Current liabilities and deferrals and accruals	577.7	15.7	187.1	5.7	390.6	>100
<b>TOTAL Equity and liabilities</b>	<b>3,666.7</b>	<b>100.0</b>	<b>3,266.7</b>	<b>100.0</b>	<b>400.0</b>	<b>12.2</b>

As at the balance sheet date, the group's shareholders' equity, including non-controlling interests, amounted to EUR 1,608.3 million, up EUR 110.2 million from the previous year. Dividing shareholders' equity by total assets, which had experienced a steep rise to EUR 3,666.7 million, results in an equity ratio of 43.9%, down 2.0% from the previous year. This increase in equity in absolute terms is attributable to the positive earnings situation in the fiscal year 2021. Consolidated net income for the year 2021 amounted to EUR 146.4 million (prior year: EUR 63.7 million), and intra-group distributions came to EUR 36.7 million (prior year: EUR 6.7 million).

Non-current debt decreased by EUR 80.2 million year-on-year, with non-current liabilities – for the most part borrowing – declining by EUR 71.1 million and non-current provisions by EUR 19.0 million. The pending repayment of loans in the amount of EUR 130.0 million made a reclassification from non-current to current funding necessary.

Overall, current liabilities rose by EUR 370.0 million to EUR 914.4 million, largely due to the above-mentioned reclassification, the taking out of current cash advance facilities in the amount of EUR 160.0 million, and the increase by EUR 77.1 million in trade payables. The rise in trade payables is largely due to higher energy prices on the procurement markets.

#### Cash flows (consolidated financial statements)

	2021 mEUR	2020 mEUR	Change year-on-year	
			mEUR	in %
Cash flow from operating activities	158.4	184.5	-26.1	-14.1
Cash flow from investing activities	-321.3	-207.0	-114.3	55.2
Cash flow from financing activities	184.6	33.1	151.5	>100
Cash and cash equivalents as at the balance sheet date	58.3	36.5	21.8	59.6

The group's operating activities performed well again, generating a net cash flow of EUR 158.4 million, which is below the previous year's level. Key non-cash effects impacting net cash flow from operating activities included the high profit before tax. Counter-effects included the reversal of an impairment loss from an investment in the amount of EUR 22.8 million and the reduction in working capital. The main drivers of this reduction were the increase in trade receivables due to extreme price developments on the energy markets towards year-end, as well as non-cash changes in provisions for employee benefits.

Net cash flow from investing activities for the group was characterized mainly by massive investments in property, plant and equipment. In 2021, we moved ahead with our investment projects for ramping up power station capacities, investing EUR 156.4 million in the expansion of the Kühtai power station alone. More specifically, payments for additions to property, plant and equipment grew by EUR 88.5 million to EUR 326.9 million, while proceeds from the disposal of financial assets and other financial investments declined by EUR 64.1 million. Overall, net cash flow from investing activities increased by almost 50% year-on-year. More specifically, net cash flow from investing activities came to EUR -321.3 million. Net cash flow from financing activities in the amount of EUR 184.6 million (prior year: EUR 33.1 million) mainly encompassed intra-group distributions in the amount of EUR 36.7 million, inflows from long-term bank loans in the amount of EUR 70.0 million, and current cash advance facilities in the amount of EUR 160.0 million. The consolidated net debt of TIWAG Group breaks down as follows:

	2021 mEUR	2020 mEUR
Financial liabilities	839.2	608.4
- Cash and cash equivalents	-58.3	-36.5
<b>Consolidated net debt</b>	<b>780.9</b>	<b>571.9</b>
Net income for the year	146.9	67.3
Taxes	35.9	11.5
Interest and similar income / expenses	-7.1	87.9
Depreciation, amortization and write-downs	97.4	95.3
<b>Consolidated EBITDA</b>	<b>273.2</b>	<b>262.0</b>
<b>Consolidated net debt / consolidated EBITDA</b>	<b>2.86</b>	<b>2.18</b>

## 5. FINANCIAL PERFORMANCE INDICATORS

### Financial performance indicators (separate financial statements)

	2021	2020
	mEUR	mEUR
<b>Profit or loss</b>		
Revenue from electricity sales	1,049.9	716.6
Grid lease revenue	113.4	111.4
Other sales revenue	29.5	25.1
<b>Total Sales revenue</b>	<b>1,192.8</b>	<b>853.1</b>
Net operating income	100.1	89.1
Net finance income	74.6	4.4
<b>Profit before taxes</b>	<b>174.7</b>	<b>93.5</b>
Return on sales (ROS) in %	8.4	10.4
EBITDA margin in %	14.4	18.7
Return on capital employed (ROCE) in %	5.1	5.1
<b>Assets</b>		
Equity ratio in %	46.6	48.0
Return on equity (after taxes) in %	9.4	6.2
<b>Cash flows</b>		
Net cash flow from operating activities	130.5	149.3
Net cash flow from investing activities	-247.3	-145.9
Net cash flow from financing activities	154.6	10.3
<b>Energy industry</b>		
Electricity sales in GWh	14,584	15,560
Self-generation in GWh	3,067	3,094
System length in km (electricity)	12,090	12,003

## Financial performance indicators (consolidated financial statements)

	2021	2020
	mEUR	mEUR
<b>Profit or loss</b>		
Revenue from electricity sales	1,272.7	900.0
Revenue from gas sales	273.3	194.3
Revenue from heat sales	17.8	16.2
Other sales revenue	22.9	19.9
<b>Total Sales revenue</b>	<b>1,586.7</b>	<b>1,130.4</b>
Consolidated net operating income	119.5	130.7
Consolidated net finance income	63.4	-51.9
<b>Consolidated profit before taxes</b>	<b>182.9</b>	<b>78.8</b>
Return on sales (ROS) in %	7.5	11.6
EBITDA margin in %	13.7	20.0
Return on capital employed (ROCE) in %	5.6	6.7
<b>Assets</b>		
Equity ratio in % (consolidated)	43.9	45.9
Return on equity (after taxes) in %	9.5	4.6
<b>Cash flows</b>		
Net cash flow from operating activities	158.4	184.5
Net cash flow from investing activities	-321.3	-207.0
Net cash flow from financing activities	184.6	33.1
<b>Energy industry</b>		
Electricity sales in GWh	14,584	15,560
Self-generation in GWh (electricity)	3,067	3,094
Gas sales (in GWh)	6,194	5,403
System length in km (electricity)	12,090	12,003
System length in km (gas)	3,926	3,849



### III. NON-FINANCIAL REPORT

Sustainable energy generation has a long-standing tradition at TIWAG. Sustainability is an integral part of how we see ourselves, as well as a driver of growth and value and therefore a cornerstone of our corporate strategy. We are aware that our business operations impact the environment as well as society, which is why we take into consideration not only economic, but also ecological and social impacts along our value chain in our activities.

#### ENVIRONMENTAL MATTERS

##### Environmental management system

We rely on our environmental management system, which is ISO 14001-certified by an external body, to identify and classify environmental effects according to seven environmental aspects: impact on water resources; regional aspects; impact on the biological system; energy relevance; materials and supplies; waste management; and impact on the atmosphere. Responsibility for the effectiveness of the environmental management system lies with the Management Board, which is in charge of both laying down our mission statement and defining our environmental policy. Relying on the environmental management officer and other officers with specific responsibilities, the Management Board ensures that these requirements are enshrined in our business processes. We analyze and evaluate all aspects on a process-oriented basis and take measures to control identified environmental impacts. The core environment team takes care of environmental aspects that are amenable to direct influence, while requirements in terms of planning, procurement and operations are used to control environmental aspects which can only be influenced indirectly.

Special teams evaluate environmental aspects and environmental effects in the company at short intervals, using an ABC analysis that takes account of past, pre-

sent and planned activities for each location. Following the evaluation of these environmental aspects, an annual environmental program is prepared and submitted to the management for approval. The program sets out the measures to be taken and indicates who is responsible for target attainment. The core environment team, internal audits, and management assessment jointly ensure that target attainment is monitored. Using software support, legal and regulatory requirements are recorded and processed in a special environmental legislation register, which is being updated on an ongoing basis.

##### Climate change

The IPCC summarizes its latest findings on climate change in the form of assessment reports. The Sixth Assessment Report for the period 2021/22 is based on contributions by three working groups. Working Group I, which examines the physical science basis of climate change, published its report at an online press conference on August 9, 2021. The report underlines the need to limit human-caused global warming by drastically reducing cumulative emissions of CO<sub>2</sub> and other greenhouse gases. The main precondition for this is achieving climate neutrality in the form of net zero CO<sub>2</sub> emissions.

For the energy industry, which is making a key contribution towards achieving climate neutrality, this means cutting back direct and indirect emissions to zero. The only way to do so directly is to completely eliminate the production of energy from fossil fuels, with both upstream suppliers and end customers playing their indirect part in goal achievement.

As for direct net emissions from our own energy generating activities, it needs to be noted that our electricity is generated at 99% from hydropower, photovoltaic, biomass and biogas sources. Expanding local hydropower capacities therefore remains a major factor in ensuring that scope 1 emissions under the Greenhouse Gas Protocol will be kept at a very low level. Indirect or scope 2 emissions result mainly from energy we use to cover

system losses in our own grids and to power our own facilities, especially for pumping and rolling operation in our pumped storage power stations. We use only electricity certified to come at 100% from renewable energy sources to operate our pumped storage power stations. Indirect scope 3 emissions of CO<sub>2</sub> include greenhouse gases generated in upstream and downstream stages of the value chain. In upstream stages of the value chain, indirect emissions result from the transport of fuels and from staff travel, while downstream value chain stages contain indirect emissions resulting from end customers burning the natural gas sold to them.

We use different measures to mitigate direct and indirect greenhouse gas emissions and significantly contribute to protecting both the environment and the climate, to drive ecological change in Tyrol's electricity, gas and heat supply and support Tyrol's energy strategy.

We contribute to maintaining a low level of direct emissions by supplying sustainable electricity generated in hydropower stations which are built to, and operated in compliance with, stringent specifications imposed by the competent authorities. Expanding the share of renewable energy sources, which is reflected in our ambitious investment program, helps to further reduce direct emissions and to decarbonize indirect emissions.

In the year under review, we once again went ahead with important measures closely linked to our core business activities in a bid to reduce indirect greenhouse gas emissions (scopes 2 and 3). We designed and carried out projects aimed at improving the trade-off between growth and ecology: the 2021 energy efficiency package, projects for sector coupling, and the creation of sustainable mobility solutions.

### Energy efficiency

As an engine of ecological change in Tyrol's energy industry, we deliberately focus on improving energy efficiency through our annual energy efficiency packages, thus also supporting the state government's Energy Autonomy for Tyrol by 2050 strategy.

Improving energy efficiency is not only a necessity for society as much as for the economy and the climate, but will also give rise to competitive advantages through cost reductions. By reducing both the demand for primary energy and the dependence on imports, energy efficiency is a key prerequisite for improving supply security and climate protection. From the perspective of Tyrol's businesses, energy efficiency measures help cut energy costs and create new sales opportunities for innovative products.

The 2021 package comprised thirteen specific measures, which can be grouped under the following four headings: energy efficiency; mobility & charging infrastructure; distributed energy systems; and awareness raising.

The energy efficiency part includes not only grants for heat pumps, efforts for establishing and promoting a Tyrolean heat pump network, and support for studies and projects for boosting energy efficiency, but also advisory services for private individuals, businesses and local authorities, both on site and via telephone through our service center. In addition, we sponsor Energie Tirol, an association founded to promote environmentally friendly energy use.

The mobility and charging infrastructure scheme encompasses an expansion of both the e-mobility charging infrastructure throughout Tyrol and TIWAG's e-vehicle fleet.

Distributed energy systems is the heading under which we offer investment grants for PV systems with a maximum output of 8 kWp. Partners also reap extra benefits from being able to use the solar power they generate for their own purposes and selling any surplus volumes to us at market prices. Smart building is another key area where we are funding projects, and the TIWAG Solar Fund enables customers to generate their own green electricity based on a hire-purchase model.

Awareness raising includes activities such as providing energy saving tips on Austrian TV and funding workshops within the scope of the Tyrolean School Initiative, which aims to raise energy awareness among pupils.

As for statutory regulations on energy efficiency, we reported all measures to the National Energy Efficiency Monitoring Agency under the obligation scheme for the first obligation period 2015-2020 in a timely fashion.

### Sector coupling

Traditionally, sectors such as HVAC, mobility, production, lighting, and communications have mostly been considered separate from one another, even though a holistic view across all sectors would allow a more cost-optimized overall system.

Sector coupling makes it possible to use surplus electricity available in the grid system from volatile wind and solar generation to heat homes, store heat in district heat systems, charge the batteries of electric vehicles or generate green gases (such as hydrogen).

In the electricity sector, transport and long-term storage of surplus energy are not easy to achieve, given sluggish grid expansion and a lack of seasonal storage facilities. Using technologies such as power-to-gas, power-to-heat, power-to-mobility and CHP allows putting the surplus electricity to good use in other sectors.

In the year under report, we went ahead with our previous infrastructure projects for sector coupling. Our Power2X facility at Kufstein is a prime example of forward-looking sector coupling. In the preceding year, we had completed the plans for the design and for obtaining official project approval and submitted the documents for a rezoning of the land with the competent authorities. In 2021, the competent authority amended the local land use planning scheme, which is the basis for rezoning the respective plot of land, and adopted a rezoning decision. Once all other approvals and permissions will have been obtained, we expect planning permission to be granted in the spring of 2022.

In 2020, we did the groundwork for a feasibility study for another sector coupling facility with a similar configuration to that of Power2X Kufstein. Based on the study, which is now available, we revised the design for the facility and coordinated the key parameters of the new design with our partner. The next step will be to specify the scope of the required work in detail and to define clearly distinguished project interfaces.

In addition to these hydrogen-based projects, we keep expanding and consolidating our highly efficient district heat segment, improving our carbon footprint through the use of renewable fuels.

### E-mobility

Interest in e-mobility remains very high among the general public, our customers, and within the industry, and demand for the construction of charging systems is continuing to grow, especially in urban areas and with property developers. Our charging points make us not only one of Tyrol's largest charging network operators, but based on agreements with partners in Austria and abroad, we are also able to offer our mobility customers easy-to-use multi-provider options for charging throughout Central Europe. In the year under report, we entered into an e-roaming cooperation agreement with SMATRICS.

Moreover, we pushed ahead with expanding charging infrastructure for e-vehicles everywhere in Tyrol, but in particular at publicly accessible places with high visitor rates.

Using our successful Ötztal project as a model, we intend to develop, in cooperation with a partner, multi-location e-mobility concepts for local communities that will enable and advance charging infrastructure ramp-up in other Tyrolean areas, such as Kaunertal, Pitztal and Stubaital.

In addition to charging infrastructure, we have a comprehensive portfolio of mobility services on offer, including the TIWAG E-Mobility App, e-roaming, RFID cards or charging infrastructure design models. The TIWAG E-Mobility app features a special software solution that tells customers which charging stations are close by and are actually up and running and what (roaming) rates to expect.

All our charging systems are being supplied exclusively with clean and sustainable green electricity.

### **PV systems**

The expansion of PV capacities has given rise to three potential approaches to establishing and operating large-scale installations: the leasing model, the builder model, and community energy generation facilities. Under the leasing model, we rent roof space to build PV systems, with the lessor benefiting from the solar electricity being generated. Several such facilities are already in operation, and more projects are currently going through the design and approval planning stages. It was already in 2020 that we successfully completed our first community generation facility in cooperation with a partner. More projects were being planned and implemented in 2021, in cooperation with property developers. In the year under report, we completed and started operating high-output PV installations at several of our own power station sites under the builder model. More projects are being planned and designed.

### **Hydromorphology and biodiversity**

Hydropower stations impact our environment, and human intervention changes the appearance, the run-off characteristics, and the volume of sediments transported in our watercourses. Transverse structures and hydropower facilities result in watercourses becoming impassible for animals. We contribute to conserving and promoting biodiversity by taking various ecological balancing measures to renature water bodies, by purposefully designing the areas surrounding our power stations, and by building close-to-nature types of fish passes.

### **Protection of the environment**

Measures to protect the environment are closely aligned with statutory requirements, both at national and local level. The applicable statutory provisions, and the approvals and permissions having to be obtained from the competent authorities in this context, strongly impact not only the way we build new infrastructure and upgrade existing one, but also the way we operate our facilities on a day-to-day basis. We rely on our in-house expertise and our environmental management system for managing and implementing environmental protection measures.

## **THE PEOPLE WHO WORK FOR US**

### **Strategy**

The people who work for us are key when it comes to translating our corporate strategy into reality and helping our company to succeed. For TIWAG to be able to offer secure and attractive jobs to committed people, we need to take a pro-active approach to securing people who have the qualifications and skills we need. Similarly, we need to offer our employees adequate ongoing training in, and a focus on, their core competencies, along with providing job security, health programs and motivation for the tasks assigned to them.

In 2021, the covid-19 pandemic once again had a major impact on our day-to-day work, while also boosting

digitalization in the workplace. Working from home schemes were put in place for all those staff members whose jobs did not absolutely require their presence at the workplace. For those staff members who had to be present, the Group Crisis Management team took adequate precautions, such as strict safety protocols, physical distancing, and preparedness measures for quarantining requirements.

### Number and structure of employees

As a regionally based energy-industry company, we employed on average 1,307 (prior year: 1,295) persons at TIWAG AG in 2021, which corresponds to an FTE of 1,259 (prior year: 1,249). The corresponding numbers at group level were 1,404 (prior year: 1,385) persons employed. The average age of employees was 43.9 years (prior year: 44.3 years), and their average service years working for the company were 19.6 years (prior year: 20.5 years). Female employees accounted for about 15.4% (prior year: 14.6%) of the total. TIWAG AG spent EUR 148.0 million (prior year: EUR 138.4 million) on wages, salaries, social security contributions and pension-scheme expenses; for the group the same items amounted to EUR 159.0 million (prior year: EUR 147.7 million).

### Commitment and dedication

With a future characterized by an ever-faster pace of change and increasing digitalization at the workplace, TIWAG and the people who work for us have high standards to meet, which requires each and every one to show commitment, enthusiasm, dedication, and loyalty to the company. Regularly held employee surveys tell us that our staff is committed and dedicated, making a significant contribution to the success of our company. 2021, which, like the year before, had been overshadowed by the pandemic, showed once again that we can fully rely and depend upon our people.

### Personnel development, advancement and recruiting

To be able to cope with the challenges ahead of us, we need a work environment that is based on mutual respect, trust and appreciation, life-long learning, and individualized career development.

The cornerstones of our human resources work are staff development and support for our managers. Career development meetings, which are part of annual performance appraisal meetings, help us to assess each employee's skills and need for further development, with tailored programs being developed as needed in consultation with managers. In 2021, our focus was on management development, in a bid to ensure best possible succession planning in response to the upcoming retirement of senior staff. From November 2020 to September 2021, 18 high potentials nominated by management and selected by the Management Board participated in a digital development program supervised by external consultants.

We offer a number of in-house and external options for continued professional development, both for facilitating initial steps and for ensuring personal development as well as leadership training.

Top-notch apprenticeship training is on the top of our agenda. Having won both the Great Place to Work for apprentices in Tyrol label for excellence and the federal award for being a company providing excellent apprenticeship training multiple times over is an incentive for us to carry on with our successful approach.

Being perceived as an attractive employer on the labor markets is crucial for finding and retaining the best talent. In addition to pro-active recruiting on the market, we also rely on digital platforms as a means of contacting potential candidates. And last, but not least, we identify, support and develop in-house trainees and new entrants for leadership positions.

### Work-life balance

We aim to help our staff achieve a suitable work-life balance. Key tools in this effort include flexitime and part-time work options, as well as more and more mobile work. Notably, the covid-19 pandemic has shown that a shift towards more mobile work was a great help in coping with its effects. This is why, in the year under report, we used the insights gained so far to institutionalize the framework and conditions for working from home

across the company. We also assisted our staff by offering, together with three partners, childcare for babies and small children in a day nursery.

### Remuneration and benefits

A competitive work environment also comes with attractive remuneration and benefits. What our employees earn depends on the position they fill and is based on the collective bargaining agreement, the work they perform, and the qualifications they have, regardless of gender.

Following the annual negotiations on the collective bargaining agreement, which had been moved forward to December 2020 because of the covid-19 pandemic and the resulting difficult economic situation, wages and salaries were raised by 1.5% at least with effect from February 1, 2021. As a reward for special commitment and the increased workload shouldered during the pandemic, a one-off covid bonus of EUR 280 was paid out along with the December 2020 payroll.

In addition to wages and salaries, the benefits under the company pension plan are a key part of total remuneration and have always been considered highly important. The pension plan is a major cornerstone of retirement provisions and helps strengthen loyalty to the company. Employees with open-ended employment contracts can opt to join a private pension plan to complement the statutory pension scheme. Voluntary contributions top up the contributions paid by the employer.

### Health and safety at work

Health and safety at work have top priority for us. Our safety and security center and our safety and security officers are key in promoting awareness of, and personal responsibility for, both quality and safety at work among our staff. A comprehensive set of rules has been developed to describe safety and security risks, with the safety and security officers providing advice to staff and monitoring compliance with guidelines. We also have e-learning offers that cover all matters relevant to health and safety.

As occupational health is very important to us, we provide in-house health services. Occupational health specialists provide competent advice on all health-at-work issues and offer support to employees in this regard. Measures offered include regular health checkups, vaccinations, eye and hearing tests, as well as healthy eating plans. The company also sponsors a broad range of in-house sports and fitness programs within the works sports club.

### Staff representation

Collaboration in a spirit of partnership has a long-standing tradition at TIWAG and is a prerequisite for striking a balance between the interests of the company and those of the staff, including in challenging situations. A central works council and several regional works councils represent the interests of our employees, with special elected representation of, and participation rights for, under-age apprentices. In addition, three staff representatives sit on the Supervisory Board.

## SOCIAL MATTERS

### Supply security

In line with our corporate strategy, we stand for secure, sustainable and integrated electricity, gas and heat supply in Tyrol.

As an energy company and grid operator, we ensure the secure and reliable supply of energy to our customers, which is a task of great importance to society. In maintaining supply security, we depend on our highly flexible hydropower stations, which not only generate, but also store electricity, and on our energy grids and systems, which ensure secure and uninterrupted supply.

### Flood control

As our power stations and dams increase water retention in power generation areas, they also serve flood control purposes and play a major role in preventing flood

damage. Up-to-date water level data and water passage measurements at gauges provide valuable insights to inform improved flood control in Tyrol.

With the water intake structures and dams of our power stations retaining water in the catchment areas, we are making a significant contribution to flood control.

## BRANCHES

In the fiscal year 2021, the group set up a branch of TIWAG-Next Energy Solutions GmbH (Business Register no. FN 195282f) in Lienz.

## IV. RISKS AND OPPORTUNITIES

The main objective of our risk management system is to identify, analyze and assess opportunities early on, while at the same time limiting risks, so we can ensure the company's future success at all levels. We understand opportunities to mean potentials for positive deviations from the EBITDA (earnings before interest, taxes, depreciation and amortization) extrapolated for the current, or planned for the subsequent, fiscal year. Conversely, risks are potentials for negative deviations from planned financial goals.

We use individual figures and whole scenarios to quantify opportunities and risks in terms of probability of occurrence and financial effect. The Risk Focal Points assess specific risks and map them in our risk management software (R2C). Risk Management then aggregates and models these opportunities and risks and calculates the probability distribution with respect to the variability of the value for profit before taxes and EBITDA extrapolated for the current, or planned for the subsequent, fiscal year.

## OVERALL ASSESSMENT OF RISKS AND OPPORTUNITIES

Compared with the preceding year, TIWAG Group's risks and opportunities changed mainly because of the development of energy prices in the second half of 2021. We see our opportunities based above all on the almost exclusive reliance on sustainable and renewable hydropower generation with high- and highest-quality products from (pumped) storage power stations. Risk-mitigating effects also include the sound development of operating activities, the stable liquidity situation, and the favorable performance of key equity investments.

The political, economic and legal framework conditions under which the national and international energy industry operates entail considerable uncertainties as well as risks to earnings. The legal situation concerning approvals for the construction of new large-scale power stations and the operation of existing power stations exposes TIWAG to risks.

Making forecasts for 2022 has become a matter of great uncertainty following the outbreak of war in Ukraine and the sanctions imposed on Russia by the West. Much will depend on how long it takes for peace to be restored and the sanctions to be lifted. Given the geopolitical situation, the current vaccination situation in Austria, the different virus variants and the potential of more lockdowns, uncertainties at the macroeconomic level remain high. So far, the effects of the geopolitical disruptions and the pandemic have been on a manageable scale for the group parent TIWAG-Tiroler Wasserkraft AG and the majority of TIWAG Group.

In spite of the profound changes seen in the energy industry and the overall instability that might result from the war in Ukraine and a potential worsening of the covid crisis, the Management Board did not see any significant

indications that there was a going concern risk in the period under review or that there could be such a risk going forward.

## RISK MANAGEMENT SYSTEM

We have a risk management system as well as an internal control system in place which are subject to ongoing further development and monitoring. Our risk management process, which is modelled on the international COSO risk management standard, is a standardized software-assisted process that guarantees transparency and verifiability of information.

### Organization and responsibilities

- From an organizational perspective, responsibility for risk management in terms of both earnings and organization lies with the Management Board. It lays down the risk strategy and informs the Supervisory Board about the company's risk situation at regular intervals.
- The Management Board is assisted by the managing directors of the subsidiaries and various organizational units, while reporting responsibility lies mainly with Controlling and Treasury. Opportunity and risk management is part and parcel of our strategy and planning processes.
- The Compliance Officer regularly reports to the Management Board and, once a year, informs the Supervisory Board's Audit Committee about the status of compliance and group-wide internal audit activities.
- The risk management system is subject to ongoing monitoring by the group's internal audit team.
- Separate risk committees (RCs) were established for grids and systems, for energy transactions, for finances, for electricity trading, for the natural gas segment, and for programs and projects, with the aim to not only provide targeted risk control for the group's key value chains, but also to process and edit relevant information as needed and make it available to the competent decision-makers. The members of these risk committees are the members of the Management Board, the managing directors of TINETZ and TIGAS, as well as the responsible heads of divisions and departments.
- The risk committees develop suitable risk strategies and provide support to the persons having earnings and organizational responsibility.

### Instruments

- The Risk Management policy underpins all risk management activities.
- The organizational units and subsidiaries identify new risks and update risk information every three months, documenting the results of their analyses by means of the R2C risk management software.
- At group level, these different risks are aggregated and condensed to what is known as primary risks. We use adequate assessment and reporting tools to identify and assess the risks we are exposed to. For risk aggregation, we rely on the Monte Carlo simulation method.
- Based on the risks thus modelled, we calculate an aggregated probability distribution with respect to the variability of the value for profit before taxes and EBITDA extrapolated for the current, or planned for the subsequent, fiscal year.
- We use scenarios to determine how a particular risk develops, coming up with a best-case and a worst-case scenario based on expected values.
- Every quarter, Controlling and Treasury presents TIWAG's overall risk position, detailing the major risks and their variances, and reports it to the Management Board. Once a year, the TIWAG and TINETZ Audit Committees are informed about the goals and tasks of risk management and provided with an overview of the outcomes of the risk committee meetings.

## INTERNAL CONTROL SYSTEM (ICS) WITH RESPECT TO FINANCIAL ACCOUNTING

It is the Management Board's responsibility to ensure that a financial accounting and internal control system is in place that meets the company's requirements, and it is the Audit Committee's responsibility to monitor the accounting process and the effectiveness of the internal control system. In relation to financial reporting, the ICS ensures compliance with statutory requirements, which include the generally accepted accounting principles, the provisions of the Austrian Business Code and of the Austrian Stock Corporations Act [*Aktiengesetz/AktG*], as well as regulatory requirements.

Finance and Accounting is in charge of preparing the annual financial statements. This process is governed by the applicable accounting rules, with responsibilities and time schedules being determined on a group-wide basis. Bookkeeping transactions are mapped using an ERP software system (SAP, FI module), with a strict separation of functions and consistent application of the dual-control principle. Specialized services providers are contracted to provide actuarial expert options.

The ICS for financial accounting is subject to regular audits by Group Internal Audit, with the audit results being reported to the Management Board and the Audit Committee.

## RISKS AND OPPORTUNITIES

### Market and competition

The market environment depends on general economic activity and is also affected by energy, environmental and consumer protection policy decisions. The developments on sales and procurement markets, in combination with our self-generated energy production, lead to risks and opportunities in terms of contribution margins.

Self-generation depends to a large extent on water availability, which has a direct impact on the amount of electricity generated. In dry years, that quantity will be lower than in wet years. Key drivers of demand for electricity, natural gas and heat include economic growth and prevailing temperatures, while energy prices are influenced largely by the geopolitical situation, natural resources and conditions, regulatory frameworks and the prices of various primary energy sources. Wind speeds and hours of sunshine will, for instance, impact generation from renewables, with major knock-on effects on spot market electricity prices. A procurement strategy aligned with the market environment, optimized marketing based on current price expectations for future periods, ongoing continuous load and generation forecasts, transparent performance and risk measuring, and risk management within the respective book structure are suitable ways to counteract any emerging risks.

New market participants in the gas and electricity sectors step up competition and increase competitive pressure. We are continuously improving our processes and try to stay competitive by offering products and services which are subject to constant development.

We are faced with continuous price competition. In order to minimize this risk, we rely on the electricity generated by our own power stations as well as on forwards and futures with physical delivery and/or financial settlement. The hedges concluded serve the purpose of ensuring price stability, system optimization, and balancing load and inflow/generation. The Electricity Trading risk committee, which also includes the member of the Management Board responsible for this subject matter, manages the risk based on the relevant guidelines provided by the company's management. The operational risk management team monitors applicable limits. OTC trades are concluded according to applicable best practice regulations and based on framework agreements as published by the European Federation of Energy Traders (EFET).

### Strategy and sustainability

Strategic risks may result from a misjudgment of how the market and the competition will develop in the future. Continuously observing the market and the competition while keeping our portfolio in mind, we try to seize opportunities and avoid risks in a targeted manner. The decision we make with respect to type, volume and location of our investment projects are based on assumptions regarding long-term developments of markets, margins and costs. Again, opportunities and risks will arise from how real-life developments may deviate from what we assumed them to be. Key measures taken to counteract the resulting risks are based on informed appraisals of economic efficiency, ongoing monitoring, and regular updating of underlying parameters.

Society's requirements in terms of sustainability keep growing, impacting technologies and changing customer needs and demands. This is why we analyze the use of, and implement, digital technologies along the entire value chain. To counteract major sustainability risks as may arise in relation to safety and security, environmental protection, health protection, compliance, supplier relations, as well as labor and social standards, we comply with local statutory requirements while also putting in place appropriate in-house policies and guidelines and monitoring compliance with them. Climate-related risks result from regulatory requirements concerning carbon pricing. In this context, too, our response consists in complying with statutory requirements and employing in-house process management and ICS tools.

### Operations

Power stations and grids may be subject to unforeseeable interruptions of operation caused by disruptions, damage or consequential damage, which may negatively affect the company's financial position, cash flows and profit or loss. Planning and building new, capital-intensive facilities is likewise fraught with risk. We rely on high security standards, the expansion of grid capacities,

contractual safeguards, ongoing servicing, regular quality and maintenance inspections, as well as adequate insurance to address these business risks.

### IT security

In our activities, we rely on a large number of IT systems. The IT security risk relates to the non-availability of our complex systems and to existing data being falsified, destroyed or spied out. Loss, or manipulation, of data may impact system availability and give rise to competitive disadvantages, legal liability and/or damage to reputation. Risk mitigation measures include investments in, and technical maintenance of, robust and redundant IT systems plus backup systems, codified security standards, crisis exercises, and strict enforcement of access authorizations and access controls. The systems we use are subject to permanent monitoring and ongoing updates. In addition, we have policies and guidelines in place and provide regular information and data protection training to our staff.

### Staff

We need highly qualified experts and managers. Where staff is not available in sufficient numbers and cannot be retained by the company for the long term, this may cause major disadvantages to the group, in particular due to the loss of expertise. As some of the holders of key management positions are set to retire in the course of the next few years, we will have to fill the resulting vacancies. We mitigate these risks through appropriate measures in hiring, personnel development and performance-based pay and incentive schemes. In-house health services as well as an attractive work environment also contribute to reducing such risk.

### Financial risks and opportunities

We have detailed rules in place for how to deal with financial risk. Risks are being continuously monitored within the scope of risk management, with regular reporting to the Management Board, the Audit Committee

and the Supervisory Board. The Finances risk committee draws up reports about current risks and actions in financial management, long-term financing, performance of investments, working capital management and approval of finance limits and proposes potential risk control measures.

Given the potential for fluctuations in exchange rates, market interest rates and share prices, we are exposed to foreign exchange, interest and share price risks. Group Treasury centrally manages and controls currency and interest rate risk and, where necessary, uses suitable derivative instruments for hedging. In the reporting period, the existing CBL transaction was managed in compliance with the relevant contract. Apart from market interest rates, it also is credit risk premiums that impact our funding costs, which are for the most part the result of the need to fund our long-term investment projects. Credit risk premiums largely depend on our credit rating and market conditions at the requisite time. We rely on centrally controlled financial planning with a long-term coordinated perspective to counteract the risk of not being able to obtain funding at expected terms and conditions when needed.

Risks and opportunities related to equity investments include fluctuating investment income and shareholdings, insufficient proceeds from disposals in the case of disinvestments, and potential liability following a transfer of assets. Professional management of equity investments, including representation on the boards of the respective investees, allowing early identification of potential threats, which reduces any risks that may be involved. The risk of assets losing value increases along with assumed interest rates rising and expected cash flows declining. Given the current situation on the capital markets and the sharp rise in energy prices, the risk of equity investments and property, plant and equipment losing value was generally insignificant in 2021.

Financial losses may arise from defaults in business relations with customers and suppliers. Hedging instruments include appropriate contract design, business partner diversification, and a tight system of claims management which defines limits and adapts them in a timely manner. Where required, cash collateral or bank guarantees will be demanded. When it comes to finance and energy trading, TIWAG conducts credit transactions only with banks and trading partners with good credit ratings, with such credit ratings and limits being subject to ongoing review.

We have assumed a contractual obligation to make supplementary contributions to the pension fund for defined benefit retirement plans. The risk of such contributions having to be made may become effective when, at the balance sheet date, the capital necessary to provide coverage – calculated based on actuarial principles – is not matched by appropriate assets. Such a shortfall may be caused, for instance, by changes in biometric calculation principles, changes in statutory provisions, changes to the actuarial interest rate, or by a lower-than-expected performance of the pension fund. We rely on investment strategies which are optimized in terms of risk and return and aligned specifically with the structure of the retirement plan obligation to counteract risks of a shortfall in coverage being caused by market fluctuations in the value of assets.

External audits by the financial authorities may give rise to additional claims based on differing views of the facts.

Liquidity risk arises where cash and cash equivalents are insufficient to meet the company's financial obligations in a timely manner. In order to remain solvent, it is crucial to identify cash flow fluctuations. To do so, we rely on appropriate liquidity planning, a strong cash flow from operating activities, a well-balanced profile of maturity dates for financial debt, as well as contractually guaranteed and unused lines of credit.

### Legal and regulatory risks

Pending and threatened legal disputes are subject to continuous monitoring, with regular reporting to both the Management Board and the Supervisory Board. To counteract these risks, we conduct internal and external analyses and assessments of the relevant facts and recognize adequate provisions for potential claims being made. The purpose of our compliance management system is to avoid any violation of the law.

Changes in political, legal and regulatory frameworks may give rise to opportunities as well as risks. We counteract such risks by working together with stakeholder groups and associations at various levels and maintaining a constructive dialogue with public authorities and political decision-makers. Where necessary, we adapt our processes and business models, and we develop products and services to benefit from any opportunities that arise.

The implementation of the EU Water Framework Directive (WFD) has given rise to a risk for storage power stations that remains difficult to quantify; it relates in particular to residual water flow requirements at elevated water intake structures and dams (generation losses) and the envisaged measures to mitigate surge. Any future changes to pricing zones, such as splitting Germany into several zones or having more than one market area in Austria, also present a regulatory risk, which may, however, also come with opportunities.

## V. OUTLOOK

February 24, 2022, marked the start of hostilities between Russia and Ukraine. The invasion of Ukraine by Russia, which was condemned by the international community, constitutes a paradigm shift in the European security architecture and is therefore bound to have far-reaching economic and energy policy repercussions.

The war is a wake-up call for Europe to rethink its energy supply policy. Replacing Russian gas will require a mix of measures, such as diversified procurement of natural gas based on LNG, the use of all available pipeline routes, the mobilization of gas reserves and the stepping up of biogas use, an increase in renewable capacities, and energy saving.

In spite of the war in Ukraine, the supply with electricity, gas and heat remained secure in the 2021/2022 winter season. Tyrol is directly linked up to the German gas system and therefore less dependent on Russian gas deliveries. With a view towards the 2022/2023 winter season, it is necessary to restock on natural gas as quickly as possible. The government is preparing the relevant statutory and regulatory framework. The war will also entail rising prices, forcing the government at federal and state level to take balancing measures to mitigate the burden on the population. Tyrol needs to stay committed to its chosen course of massively expanding hydropower and renewable energy capacities. In concrete terms, this means that we will push ahead with our plans for hydropower capacity expansion.

In light of the massive macroeconomic disruptions seen in 2020 and 2021 and the new threat scenario, our business model provided impressive proof of its robustness and stability. This means that we remain not only a reliable partner for our customers, suppliers, investors and business partners, but will be able to keep offering job security to our staff. Being present not only at all stages of the electricity segment value chain (generation, grid, trading and sales), but also in the gas and heat segments as well as in new fields of business, is our key strength and will help us remain profitable and preserve the value of our company also going forward. The most decisive aspect for us will be to continue expanding local hydropower capacities as the group's core value proposition, thus ensuring the secure supply of the region with clean

energy at stable cost also in the future, in line with the Tyrolean government's fundamental energy policy decisions.

Along with the geopolitical disruptions and the dramatic development on the energy markets, legislative and regulatory measures have a major impact on opportunities for development in our industry. The provisions of the Renewables Expansion Act, which was promulgated in July 2021, will have a significant influence on how the business of Austrian energy supply companies will develop over the next few years. We expect the Renewable Heat Act, which is currently being drafted, and the planned Natural Gas Stocks Act to entail substantial changes in the conditions under which companies, especially those that supply natural gas, operate.

The transformation of the European energy sector towards a more sustainable, lower-carbon and increasingly decentralized system should be facilitated through clear rules, fair and transparent grant and support schemes, and adequate energy price levels. Relying on local hydropower, stable income from grid operation, as well as growth areas such as sector coupling, PV systems, e-mobility, district heat, and renewable gases, TIWAG remains well positioned amid this transformation scenario.

Innsbruck, April 5, 2022

### **The Management Board**

Mag. Dr.  
Erich Entstrasser

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**In all business and generation areas we act sustainably, socially fair and with as little impact on the environment as possible.**

## Our customers

As Tyrol's regional energy supplier TIWAG offers optimum solutions and ensures smooth procedures. By bundling the sales activities for electricity, gas, heat, photovoltaics and e-mobility in one organizational unit, the TIWAG Group has provided optimal conditions for tackling future challenges even more efficiently in the interest of its customers and for offering innovative services.

New opportunities will also arise from developments in energy law, such as the Austrian Renewables Expansion Act [*Erneuerbaren-Ausbau-Gesetz/EAG*].

### Customer retention and customer service

Due to the ongoing coronavirus pandemic, organization of and attendance at events was rigidly restricted in the reporting year. The big Tyrolean public trade fairs, such as the Innsbruck Spring and Fall Fairs and the East Tyrol Fair, which had been a fixed part of TIWAG's event program for decades, did not take place, and even the "Business Talk at Lake Achensee", which had initially been scheduled for May, then postponed to September, ultimately had to be cancelled once again. The Innsbruck Home Building & Energy Fair took place online, which was a quite innovative and interesting approach but could not substitute personal customer service.

At the customers' requests energy consulting was increasingly provided online and by phone. Personal advice on site was offered in compliance with statutory regulations at all times but understandably was requested less often by customers. In the reporting year we were pleased about the steadily high number of subscribers to the TIWAG newsletter, who can be informed electronically about TIWAG and the electricity market. Following the digitalization trend, the customer satisfaction survey was revised and largely changed to an online survey by the end of the year.

### Heat Pump Tyrol Network

The activities of the Heat Pump Tyrol Network were adjusted to the framework conditions and digitalized to the greatest extent possible. The feedback on the well-attended annual get-together of the network partners, which was held online, was positive throughout. Other planned events, such as the "smart heat pump" training or the roadshow intended to inform the public about recent developments regarding heat pumps at different locations, had to be cancelled due to the pandemic.

### TIWAG – a world of benefits

True to its motto "100% Tyrol", TIWAG is pooling exclusive regional benefits for its customers in cooperation with local business partners. The number of partners and offers is constantly increasing. New features, such as prize draws and raffling off tickets, as well as the design update, which provides the world of benefits with a modern and fresh image, make the platform more attractive.

### Christmas donation

In 2021 the traditional Christmas donation of TIWAG's energy sales division was given to the forKIDS therapy center, which helps children and young persons showing developmental delays, behavioral disorders or emotional problems with ergotherapy, speech therapy, physiotherapy and clinical-psychological treatments. The donation in the amount of EUR 10,000 will be used to finance therapy weeks in the summer under the theme "experiencing nature with all senses" to help children whose psychomotor development is delayed and who are socially disadvantaged.



CSO Christian Nagele (to the left), Dagmar Fischnaller, Managing Director of the forKIDS therapy center, and TIWAG Management Board Member Thomas Gasser at the donation check hand-over ceremony.

## Our employees

Employees with excellent technical training are the basis that allows us to meet the challenges of the energy market, the constantly changing framework conditions and the related adjustments to our internal processes. Investments in the development of human resources are crucial for qualified staff to provide a sustainable contribution towards a promising long-term development of the company also in the face of growing competition and thus enable the TIWAG Group to reach its strategic goals in the long term.

### HUMAN RESOURCES DEVELOPMENT

In 2021 the company invested approx. EUR 602,500 in initial and continuing training of staff through external services. In addition, our employees spent some 19,280 hours on initial and continuing training.

However, also in the reporting year initial and continuing training was impacted by the covid-19 pandemic. Between April and September 2021 it was possible to organize many measures as classroom events but from fall planned training sessions had to be rescheduled or cancelled owing to the circumstances. Nonetheless, the digitalization trend in the area of initial and continuing training will continue even after the covid-19 pandemic.

### New digital training offers

Exercising an executive function in a virtual environment requires special skills. To be able to adapt to the changed framework conditions in the best possible way, executives were offered an opportunity to become familiar with numerous tools and methods for shaping virtual cooperation in the course of a specifically designed executive training course from January to June 2021. They addressed the issue of trust as the base currency of virtual and hybrid teams, and the special challenges of virtual communication.

The three-part training series on “digital cooperation” for employees from June to September 2021 also met with great interest. The online units comprised a style

Human resources TIWAG staff and employees hired out to TINETZ-Tiroler Netze GmbH	2021		2020		2019	
	Headcount	FTEs*	Headcount	FTEs*	Headcount	FTEs*
As at December 31 (excluding Management Board members)						
Salaried employees	1,130	1,086.4	1,123	1,080.7	1,135	1,096
Workers	156	150.9	150	144.6	142	135.1
Workers – apprentices	26	26	20	20	22	22
Salaried employees – apprentices	7	7	6	6	4	4
<b>Total</b>	<b>1,319</b>	<b>1,270.3</b>	<b>1,299</b>	<b>1,251.3</b>	<b>1,303</b>	<b>1,257.1</b>
Men	1,116	1,108.5	1,109	1,100.1	1,115	1,108.2
Women	203	161.8	190	151.2	188	148.9
<b>Total</b>	<b>1,319</b>	<b>1,270.3</b>	<b>1,299</b>	<b>1,251.3</b>	<b>1,303</b>	<b>1,257.1</b>
Average age** (in years)	44.3		44.8		45.5	
Average time with the company** (in years)	20.1		20.9		22	

\* Part-time employees converted to full-time equivalents

\*\* Excluding apprentices

guide for brief, clear and understandable emails, general recommendations for a communication culture in a digital environment (focus on MS Teams) and pointed out the opportunities and pitfalls of the different information channels used by the company.

Numerous training events to increase health and safety at work, for continuing vocational development and on project management and leadership were held in compliance with the safety and hygiene measures prescribed by Group Crisis Management.

#### **Vocational development and training to increase health and safety at work**

The selected indicators presented below illustrate the initial and continuing vocational training measures successfully implemented in 2021:

- Approx. 470 employees attended some 130 courses on safety and health at work
- Some 280 employees completed more than 150 vocational training events
- Approximately 250 IT training days were organized for some 150 participants
- On average, all TIGAS employees attended at least one training event
- Some 70 employees were trained in project and process management
- More than 15,400 e-learning modules were successfully completed

#### **Digital development program for high potentials**

Already in late 2020 a one-year talent fostering program for high potentials was introduced with support from external consultants to promote the development of talented and dedicated employees. The program focused on developing a shared understanding of leadership and

strategy, on strengthening common values and principles, and on finetuning a feedback culture. Networking among the participants represents another key success factor of this program for the entire group of companies. Owing to circumstances, the development program started in a virtual environment and switched to in-person sessions midway.

#### **“TIWAG in brief: presenting the Group to our new employees”**

Due to the covid-19 safety measures it was not possible to organize “TIWAG in brief” as an in-person event in the reporting year. Alternatively, the introductory event for new employees was held online with the active participation of the Management Board and numerous executives. Once the covid-19 restrictions had been eased, visits to the Prutz power station were caught up on, thus strengthening personal networking among our employees.

#### **Replacement of the previous initial and continuing training database**

The initial and continuing training database, which has been used by the TIWAG Group since 2012, will be replaced in 2022. The relevant replacement project started in 2021 with the aim of using standard software that is common in the market and of optimizing operability.

Following the tender procedure for a software solution for the administration, preparation and structuring of training material, a new provider was selected. In a first step, starting from January 1, 2022, all e-learning courses have been managed via the new learning platform. The integration and administration of initial and continuing training programs and training plans will follow in 2022.

## APPRENTICES AND TRAINEES

Having been awarded the “*Ausgezeichneter Tiroler Lehrbetrieb (2011–2022)*” (Excellent Tyrolean Apprenticeship Company) certificate and the federal certificate for being a company providing excellent apprenticeship, TIWAG puts great emphasis on well-founded and high-quality apprenticeship training in different skilled trades. In 2021 a total of 38 apprentices completed their training with the TIWAG Group. In order to recruit suitable young talent, TIWAG attaches great importance to a professional selection process. The WIFI Institute for Economic Promotion supports us in carrying out a standardized potential analysis with the candidates applying for an apprenticeship to identify the skills of future apprentices. Apprentices who have been chosen on that basis will be trained in future-oriented professions, such as electrical engineering, metalworking, information technology, design, structural and technical drafting.

The high quality of the apprenticeship training provided by TIWAG has been impressively demonstrated by apprentices in various competitions for many years. With those expertly trained employees, TIWAG will be able to cover its future demand for technical experts.

### Internships

In the reporting year, TIWAG gave about 25 “would-be” apprentices an insight into the apprenticeships offered by TIWAG as part of vocational training days.

In 2021, 22 young people had the opportunity to gain practical and realistic experiences in day-to-day work within the scope of mandatory internships. In total, TIWAG offered 47 mandatory internships and vacation jobs.

## SOCIAL WELFARE MEASURES

### Daycare center

Together with three project partners TIWAG offers childcare for employees’ children in a daycare center, thus closing the childcare gap between the end of parental leave and the child’s enrollment in nursery school. This helps employees to strike a better work-life balance. What is more, TIWAG grants employees a daycare allowance. This family-friendly offer is TIWAG’s contribution to facilitate our staff’s job comeback.

### Medical care and safety

For many years already, TIWAG has been cooperating with Wellcon Ges.m.b.H., a company specializing in prevention and occupational medicine. Apart from carrying out preventive medical examinations and check-ups, job-specific preliminary medical examinations and the relevant training courses, Wellcon also contributes to safeguarding health and safety at work. In addition, the TIWAG Group offers a broad range of safety training courses on accident prevention.

### Retired staff

As at the balance sheet date, pension benefits were being paid out to 1,477 former staff members and their surviving dependents.

## OUTLOOK

TIWAG will firmly pursue its chosen course of professional recruitment and human resources development. Due to the growing pressure in terms of costs and efficiency, the company’s management focuses on a competitive personnel cost structure.

# Operation and maintenance of power stations

In 2021 TIWAG's power stations generated some 3,067 GWh, a volume of 3.49% or 111 GWh below that of an average water year.

## MAJOR PROJECTS AND MEASURES

### Kühtai power station: upgrading program 2017 to 2021

In 2021 the focus and at the same time the final stage of the multi-year upgrading program was the commissioning of the two main machine sets at the Kühtai power station. Repair of the winding damage at machine no. 1, which had compromised the upgrading program, lasted until early February. However, the machine went into regular grid operation in early March again.



Control center for commissioning at the U7 underground level of the Kühtai power station

Machine no. 2 had been ready for recommissioning even before the beginning of the year. Due to the major repair work on the machine components and extensive overhaul of the primary and secondary technology a comprehensive commissioning program, which lasted almost 25 weeks, was required and successfully completed by the end of July. Thanks to the very strict covid-19 requirements during commissioning there were hardly any delays because of covid-19 incidents. Targeted modifications in the turbine area will allow to reduce the minimum capacity in the future, which will allow an even more flexible power generation.

In addition, major improvements were made with regard to operability in the case of a blackout/grid restoration. An autonomous grid restoration mode will allow to operate the very powerful Francis turbines even in "soft isolated grids". Thanks to synchronization modifications, secure parallel connection of the plant to the power grid will be possible even in the case of a very low water level of the Finstertal reservoir or strongly fluctuating frequencies in difficult situations, e.g. when setting up an isolated grid in Tyrol after a blackout.

### Langkampfen power station: clearing of underwater cavities

In the past few years considerable amounts of bed-load material had accumulated in the underwater area of the Langkampfen power station. In order to improve flood safety in that area and to avoid losing drop height for power generation, the riverbed deposits were removed by suction dredgers in the low-water periods of 2020 and 2021. To complete the project by the deadline of mid-May 2021 imposed by official decision, a second suction dredger was used starting from fall 2020. Despite



"Linge" suction dredger near the weir of the Langkampfen power station

extreme weather conditions and the low water flow in winter, the work was implemented mainly according to schedule. In total, some 260,000 m<sup>3</sup> of bed-load material was removed. The quality of the excavated material turned out to be good throughout, so that a very large part of it could be utilized, e.g. for the production of concrete.

#### **Dorferbach power station: turbine runner development project**

The extraordinarily high amount of sediment in the process water causes extreme wear and tear of the turbine runners at the Dorferbach power station. The annual volume of sediment in the process water ranges between 1,000 and 3,100 tons. Therefore, a turbine runner had to be replaced after a maximum period of one year so far. To increase the operating time of the runners the issues of optimizing the cupform and improving the cup coating were assessed in the course of a development project. For testing and comparing different alternatives in as short a timeframe as possible, a runner with screwed single cups was developed and tested extensively in a multi-year project.

The quality of the cup coating which is brought about by means of flame spraying with spray robots, which is now used, is very high and shows reproducible results. Due to that optimization progress the runners can now be used in operation for more than twice as long.



Test runner with coated runner cups

#### **Achensee power station: Bächental dam**

In January 2020 TIWAG applied for water-law approval for construction and operation of a facility for discharging a minimum instream flow into the Dürrach river. After approval had been granted and the detailed plans had been finalized, construction and assembly work started in October 2021. Despite the prevailing supply bottlenecks for certain construction items and materials the extremely tight construction schedule was observed, and the discharge facility was commissioned on December 1, 2021.



Bächental dam

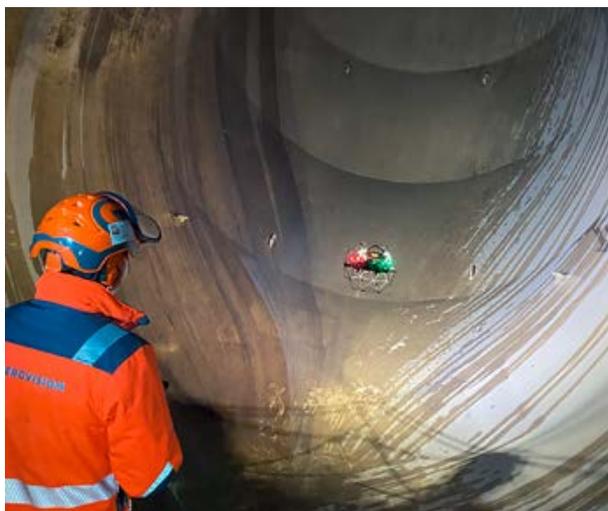
Bed-load management of the Bächental dam follows the officially approved procedure. In the case of weather forecasts predicting high outflows at the Dürrach river for two to three days the deposited bed load will be transported by the water to the tailwater through the open deep relief. Such an increased outflow was used for bed-load management for three days in early August 2021. Mechanical partial clearing has been approved by the authority as well but was not required in recent years due to the procedure described above.

### **Penstock at the Kaunertal power station: warranty inspection of corrosion prevention**

In mid-April 2021 the warranty inspection of corrosion prevention for the penstock, which had been newly constructed in 2016, and the surge tank took place at the Kaunertal power station. In the course of the shutdown of operations required for that purpose also those parts of the plant which are usually filled with water during operation were inspected. The inspection of the more



Inspection of the Urfl safety gate



Drone flight in the vertical duct

than 170 m high vertical duct of the new Burgschrofen surge tank was carried out by means of a drone.

In the course of the inspection various minor repairs were instantly carried out on the Urfl safety gate, anti-corrosive coating was touched up in some places, and small concrete repairs were carried out as well.

### **On the verge of a blackout: TIWAG's large-scale power stations pitched in**

On Friday, January 8, 2021, Europe narrowly escaped a wide-area blackout. Due to a grid malfunction in Southeast Europe, frequencies in the European power grid dropped below the admissible normal range. The massive frequency drop had been caused at the level of the Southeast European transmission network, which had then led to failures in Romania and other countries in Southeast Europe. That incident constituted the second largest disturbance in the European interconnected grid system to date.

In that very critical situation the European grid was divided in two sections, power supply was cut off in France and Italy to a considerable extent and, in turn, flexible large-scale power stations in Austria, Germany and other countries immediately increased their feed-in power. TIWAG immediately provided the agreed primary balancing power and, in addition, automatically switched all operating machines to "grid-stabilizing operation".

The blackout issue was widely covered by the media in fall 2021. Irrespective of such media coverage, the generation division constantly addresses the various measures that need to be taken in the case of a blackout. For example, "blackout-resilient" communication lines were optimized to enable communication between important points in the case of a blackout, independent of the public power grid and without having to rely on emergency power systems of external communication services providers.

To practice for an emergency situation, experts of the generation division have developed a simulator for the power station management's control center, thereby providing the basis for future expansion of the internal training program. After the internal and external grid restoration trainings already provided in this year, external training programs with grid and power station operators have been held as well. Moreover, a "live" black start test was carried out with Silz power station, i.e. starting the power station without power supply from the grid, as in the case of a blackout.



Filming for ORF's "DOK1" episode "Nichts geht mehr: Sieben Tage ohne Strom"



Visit by Federal Chancellor Alexander Schallenberg (second from right) and Günther Platter, Governor of the State of Tyrol (second from left), together with Erich Entstrasser, Chairman of the Management Board (on the left) at Silz power station during the ENERGIE21 crisis exercise.

The Silz power station and the power station management's generation control center also served as the stage for two media reports on blackout and grid restoration: in October a camera crew of the Austrian Broadcasting Corporation ORF filmed footage and conducted interviews for the documentary "Nichts geht mehr: Sieben Tage ohne Strom" about what to expect in the case of a one-week blackout. In mid-November Federal Chancellor Alexander Schallenberg and Günther Platter, Governor of the State of Tyrol, were impressed by the demonstration of a machine set at Silz power station during the ENERGIE21 crisis exercise.



2R

2S

2T

# TINETZ-Tiroler Netze GmbH – System management and operation of the distribution grid

The distribution grid operated by TINETZ-Tiroler Netze GmbH (TINETZ) currently features approx. 12,091 km of lines, 51 electrical substations, 4,253 transformer stations, and 246,071 metering points.

## Grid utilization

In 2021 the electricity volume supplied by the grid operated by TINETZ amounted to around 4,727 GWh. Compared to the period before the outbreak of the pandemic the output decreased by approx. 5% (2019: 4,943 GWh). The reduction in withdrawal from the grid in 2020 and 2021 was mainly due to the covid-19 “lockdowns” and the related temporary decline in tourism, hotel and cable car operations.

Due to continuously high-capacity requirements and the massively increasing feed-ins from peripheral generation systems, it is necessary to expand the medium- and low-voltage grid as well as the maximum- and high-voltage grid as the backbone of a reliable power supply for Tyrol, i.e. both for the population of Tyrol and its businesses.

## Supply disruptions

In 2021 no major incidents were recorded with respect to operation of the distribution grid operated by TINETZ all over Tyrol. The System Average Interruption Duration Index (SAIDI) of unscheduled events (unplanned supply disruptions) for the year 2021 was 14.97 minutes, which means a grid availability of more than 99.9%, a value that puts TINETZ into the top segment among Austrian grid operators.

## New customers

In the reporting year, TINETZ connected 1,493 customer systems with a connected load of 42,282 kW to the distribution grid. Additionally, the capacity of existing systems was expanded by 20,708 kW. The capacity requirements to be covered by the TINETZ distribution grid has thus risen by 62,990 kW.

In the reporting year, 1,386 producers feeding in electricity with a bottleneck output of 24,436 kW were connected to the TINETZ distribution grid, with another 4,726 kW added by capacity expansions in existing facilities, most of them photovoltaic systems. In total, some 8,200

photovoltaic stations providing an overall bottleneck capacity of 112,268 kW were connected to the distribution grid by the end of 2021.

## Rollout of smart meters in the TINETZ supply area

As part of the EU’s Third Energy Package, the EU Internal Market in Electricity Directive calls for the introduction of smart metering systems. The Austrian legislator and the competent administrative authorities have issued a number of legal provisions on this subject. The Electricity Act 2010 defined the legal basis for the introduction of smart meters in Austria.

The amendment to the (Austrian) Regulation on the Introduction of Smart Meters [*Intelligente Messgeräte-Einführungsverordnung/IME-VO*], which has reached the stage of approval, provides for a new timeline. Key points are the achievement of a rollout rate of 40% by 2022 and 95% by 2024. TINETZ has aligned its program schedule with the new target.

The new metering devices will allow to record the energy consumption of all customers in real-time in the future. Customers will be able to select the configuration of their metering device themselves, monitor their energy consumption directly with either of the two smart meter options (IMS – standard, IME – enhanced functionalities), and take better account of energy efficiency and environmental aspects in their consumption behavior. Meter readings on site will no longer be necessary for customers, and registration and de-registration when moving house will become easier as well. With the “digital standard meter” (DSZ) configuration all smart meter functions are disabled, and consumption will be metered in total as before.

The smart metering system has been designed to accommodate other segments (natural gas, water, district heat) as and when the need arises.

The key points in the project program include the successful implementation of all central IT systems and the necessary telecommunications solution, from the

meters to the transformer stations and the central IT systems, the procurement of the metering devices, and the development of operational processes for rollout and regular operation. A special focus was placed on the interoperability of devices and sub-systems from different solution providers and manufacturers, to keep the smart metering system open, and thus cost-efficient, in terms of operation, maintenance and further development. This approach allows security and privacy by design to be implemented for our customers as fundamental requirements of solution design in this vital segment of the energy industry.

As all manufacturers are designing those complex systems based on the required specifications from scratch, extensive testing at laboratories and factories will be necessary, including at the network operators after installation, before field installation. In this way, grid operators will ensure that the meters, systems, and processes will meet high quality standards.

After the successful launch in June 2020, TINETZ implemented a consolidation phase early 2021 to optimize existing processes and systems. Rollout was resumed in April 2021 with the number of meters installed increasing up to the planned average amount of 7,500 units per month on a lasting basis, which have been installed monthly on average since July 2021. The 50,000 smart-meter mark was passed in November. We have to install about 300,000 smart meters with TINETZ customers by the end of 2024.

Securing smart meter deliveries constituted a special challenge because due to the covid-19 pandemic electronic components were not available as usual. To mitigate that situation TINETZ had ordered a large number of smart meters early so that the rollout was not in danger. Also for 2022 TINETZ has taken precautions together with the Central Purchasing department of TIWAG-Tiroler Wasserkraft AG to ensure a smooth rollout with the planned unit numbers.



### Enhancing supply security: line refurbishments and construction

Important projects to increase supply security in Tyrol are the “lowlands grid concept” and the “Wipptal valley group of projects: a 110 kV line between Steinach and Wilten”.

Under the “lowlands grid concept”, the existing 110 kV line between the substations Kramsach and Kirchbichl, which was built in 1938, will undergo a total make-over, with new structures being built to replace the old ones. The purpose of this project is to continue the line upgrading that was commenced as early as in 2009 on the section between the Jenbach and Kramsach substations within the scope of the “110 kV Zillertal valley line” project.

Apart from the priority objective of ensuring long-term secure and reliable grid operation in the region, the line upgrade also aims to find the best possible solution in terms of land-use compatibility. The new power line is intended to trace the track of the existing 220 kV line from Kirchbichl to Strass as far away from settlements as possible in reliance on existing developed structures.

The project breaks down into three approval stages and four construction stages. All construction stages require extensive approvals from public authorities as well as agreements with the landowners concerned. The first approval stage (construction stage Kirchbichl to Angerberg) was put into operation in June 2019.

In 2021 a large part of the second approval stage (construction stage Breitenbach and Kundl) was implemented. Work will be continued and completed for the most part in 2022.

In the third approval stage, which mainly concerns the municipality of Kramsach, the authority confirmed that no ECA was required. The approval procedures for that stage started in 2021 and are still pending. Subsequently, construction work will be carried out in 2023 and 2024.

From today's perspective, the existing line sections will be dismantled by the end of 2024.

In the course of the “Wipptal valley group of projects” the existing some 21 km long 110 kV line between the Wilten and Steinach substations (“Brenner line”) will be upgraded. The majority of the Brenner line's approx. 80 power poles were built in 1945 and are thus in need of refurbishment or replacement. Due to technical framework conditions on the Brenner line the height of some of the existing poles needs to be increased.

Preparatory work for the required alteration measures started in 2016. Refurbishment of the poles between the substations Vill and Steinach was completed in 2021. The project will be completed in 2022 upon replacement of the conducting cables and fittings.

The 110 kV line across the Brenner pass was put into operation in June 2021 in the presence of the Governors of Tyrol (Günther Platter), South Tyrol (Arno Kompatscher) and Trentino (Maurizio Fugatti) and representatives of TIWAG and TERN. For the first time after a 60-year separation the power grids of North Tyrol and South Tyrol are thus re-connected.

Thanks to this connection the line will be available for mutual temporary supplies between the grid in South Tyrol/Italy and the TINETZ grid. During trial operation



Celebrating the connection of the energy grids at the Brenner pass (from the left): Erich Entstrasser (TIWAG), Governor Maurizio Fugatti, Governor Günther Platter, Governor Arno Kompatscher and Adel Motawi (TERNA).

in 2021 all poles on the Austrian side were upgraded. The planned replacement of the conducting cables will be completed by the summer of 2022. During that time supply of the Wipptal valley will be ensured to some extent via Italy. Regular market operation of the line across the Brenner pass will not start until the work has been completed.

The substations at Vill and Steinach am Brenner were also expanded and/or refurbished to meet the state of the art and ensure continued reliable supply in the Wipptal region for the next few decades. Provision of the power needed for the Brenner Base Tunnel construction site and traction drive will also be ensured by that measure.

#### **Enhancing supply security: construction of new distribution facilities**

In addition to operable lines and cables of a grid, supply security also depends on distribution facilities being equipped to meet actual requirements. The task of distribution facilities consists mainly in transforming higher voltage to lower voltage.

The Fiss substation will help to improve and secure supply security in the Serfaus-Fiss-Ladis area going forward, in line with growing demand. The project encompasses a 110 kV line connection from the existing overhead line near Prutz to Fiss (approx. 2 km) and a substation near Fiss. The substation consists of a building housing the switchgear, transformer boxes and other technical equipment.

The 110 kV line connection was implemented in 2021 as scheduled. Subsequently, the Fiss substation commenced its operation for the region's sustainable power supply timely before the start of the winter season.

In the medium-voltage range, a total of 50 transformer stations were successfully completed and put into operation in the TINETZ grid in 2021.

#### **New high-tech control center for the Tyrolean power grid**

The comprehensive upgrade of the TINETZ control center was completed in 2021. In November 2021 the new high-tech control center for the Tyrolean high-voltage and medium-voltage grid was put into operation again.

TINETZ now possesses one of Austria's most modern control centers.

The project was implemented in cooperation with a Swiss company, which had constructed the center in 2002. After 19 years the old control center had reached the end of its technical life, even procuring spare parts had become very difficult. Refurbishment had to be completed in a challenging construction period of only two months, while the staff relocated to the substitute control center, and normal grid operation was not compromised at any time.

The heart of the control center is the new large monitor system with 21 55-inch monitors allowing connections to different sources giving a flexible overview of the ope-



TINETZ Managing Directors Thomas Trattler (to the left) and Thomas Rieder (to the right) during on-site inspection together with Deputy Governor Josef Geisler in the completely overhauled control center.

rating status of TINETZ's grid areas, facilities, and operating resources. Moreover, the videowall can be accessed from every workstation. The TINETZ control center operates 24/7 and is connected to all vital facilities and organizations in Tyrol. A total of 14 employees has been assigned for that purpose. This demanding job requires special training for about two years.

In addition, the completed alteration of the grid control center is part of the ongoing upgrade of the control system, which is envisaged to go live in 2022.

#### **Impact of covid-19 on the operations of TINETZ-Tiroler Netze GmbH**

TINETZ, too, was affected by the covid-19 pandemic. While supply security in general and thus the supply of Tyrol's population with electricity was ensured without restrictions at all times during the pandemic, many internal processes and procedures had to be adapted quickly to the constantly changing situations.

Customer contacts or construction site operations, for instance, were subject to stricter hygiene and prevention standards, a lot of administrative work was handled by staff working from home, and internal communications were largely switched from personal contacts towards digital media (video conferencing). Above all, the processes needed to secure and maintain grid operations (including in the case of malfunction) had to be safeguarded at all times, and cooperation of experts and key staff had to be organized accordingly.

Thanks to TINETZ's high level of digitalization and the pro-active support by executives and employees, tho-



se transitions went ahead quickly and for the most part smoothly. Even though personal customer contacts had to be limited, especially in lockdown phases, the staff of TINETZ was fully available to customer enquiries electronically or via phone. So far, all repair work has been handled without any covid-19 case resulting therefrom.

## Electricity trading

In 2021 the electricity market was characterized by a price increase of an unprecedented scale. In the second half of the year the global shortage of natural gas and hard coal and the rise in the price of emission certificates led to a sharp rise, with the spot market price (next-day delivery) increasing by the factor of three to EUR 107/MWh on an annual average and the futures market price (delivery in 2022) doubling to EUR 92/MWh.

Also in 2021 markets were dominated by the coronavirus pandemic, however, under different auspices: while the prior year had been characterized by a decline in economic activity and low prices, the global economy steadily recovered in the reporting year, which meant that the production and supply chains, which had been reduced because of the lockdowns, were not able to meet demand. The economic upswing was supported by substantial government investment and funding programs and an unchanged expansive monetary policy of the central banks, so that by the end of the year economic policy discussions were no longer dominated by recession fears but by measures to bring down inflation.

The price trend in the electricity market can be clearly illustrated on the basis of the monthly average price on the spot market (cf. Figure 3). From the beginning of the year until May the daily next-day prices remained on a narrow path at approx. EUR 55/MWh but from June a constantly rising price ladder emerged, with its highest peak so far at EUR 250/MWh. The electricity market prices mirrored market prices for natural gas and coal in the reporting year. Moreover, the market price for European emission certificates increased by the factor of 2.5 to EUR 80/t year-on-year, and the wind feed-in remained significantly below average in the reporting year, so that thermal generation had to be increased.

The separation of the German and Austrian markets, which was introduced in 2018, continued to adversely affect liquidity of the Austrian market, with the effect that both self-generation and procurement for distribution customers could no longer be hedged by futures transactions in the Austrian market. The Financial Transmission Rights introduced between Germany and Austria as a hedging instrument reflect the products of the electricity market only to a limited extent and thus provide no balancing effect appropriate to the market situation.

The shutdown of coal-fired power stations is progressing, especially in Germany, in line with climate-protection efforts in Europe, and more than half of the EU Member

States are supposed to stop producing electricity from coal by 2030. With regard to the issue of a sustainable, climate-protecting expansion of electricity generation no final agreement was reached in the course of drafting Regulation (EU) 2020/852 (Taxonomy) on the classification of nuclear and gas-fired power stations. From a supply security point of view increasing supply from intermittent renewables generation will in any case have to be supplemented by predictable and flexible generation, consumption and storage facilities. While digitalization and interconnection allows integration of small and peripheral systems in a variety of ways, powerful conventional power stations and, above all, storage power stations, will be indispensable for grid restoration in the case of a blackout. The expansion of the Sellrain-Silz group of power stations, which is currently under construction, will make a significant contribution towards supply security and will also help secure TIWAG's future.

In Austria, the "Renewables Expansion Legislation" entered into force, which aims to promote the expansion of generation from renewable sources by flexible market premiums instead of fixed feed-in rates, and through investment grants. Important legislation content includes the introduction of new market roles, such as renewable energy communities and citizens energy communities to ensure that end consumers will participate in the energy transition.

### PRIMARY ENERGY SOURCES

The year 2021 once more illustrated that fossil energy sources have a significant influence on the market price in electricity wholesale. Despite the growing shares of renewable energies in power generation, at least the variable cost of sales of all necessary power stations must be earned in the electricity market, which means that usually gas or coal-fired power plants determine the price for many hours.

### Natural gas

During the reporting year Europe's gas market prices literally went through the roof. The TTF front-month product reached EUR 77/MWh at the end of the year, which is four times the price at the beginning of the year. At EUR 70/MWh the front-year product for delivery in 2022 was more than four times higher than the price at the beginning of 2021.

Like other commodity markets also the gas market was characterized by a global supply bottleneck in 2021. After an investment boost in liquefaction plants and LNG carriers in recent years, the reporting year saw no relevant increases, so that according to the numbers available gas production must be assumed to be stagnating. On the other hand, however, demand significantly increased as the economy recovered more and more from the coronavirus pandemic.

Second to North America, Asia is the biggest gas consumer in the world, with the European continent in third place. North America is self-sufficient and exports natural gas, whereas Asia depends on gas imports. Except for China, Asia procures gas practically only in the form of liquid natural gas (LNG) transported by sea, thus dominating about two thirds of the LNG market. It is therefore no surprise that such dependency leads to price elasticity which knows almost no limit in the case of shortage. Consequently, the Asian market determined prices once again and actually swept the short-term LNG market by peak prices.

Already at the beginning of the year a cold spell in Japan caused supply shortages and booming China reported a two-digit rise in gas consumption as early as in spring. In June a persistent heat wave in much of Asia boosted the need for air conditioning and energy consumption until fall. The subsequent heating period and economic growth were responsible for constant surplus demand. For the reporting year an increase in consumption by approx. 10% is assumed for Asia, with China's 20% standing lonely at the top.

Also the European Union is highly dependent on imports and procures natural gas above all from Russia, followed by Norway, Ukraine and Algeria. From those regions the gas is delivered via efficient pipeline systems. The supply system is supplemented by gas storage facilities, which, above all, serve the purpose of ensuring continuous winter supply. Gas production within the EU has been on the decline for a long time and once production in the Groningen gas field in the Netherlands has phased out, it will make only small contributions. An overview shows that the proportions are in reverse to Asia: two thirds of natural gas is imported through pipelines and one third comes from the LNG market.

For many years now, Europe has endeavored to reduce its dependency on pipelines of a small number of suppliers. Given the additional offers from US shale gas production and via the European LNG import terminal, especially in the past two years import volumes were significantly expanded and a connection to the global gas market was established. In this way, inflexible long-term contracts were pushed back and it was possible to increasingly switch to near-market supply contracts and trading products of the gas market. In the previous year, which saw a global surplus supply and rock-bottom prices, this constituted a significant advantage on the demand side. In the reporting year the tight market reversed to the supplier side and Europe entered into direct competition with the Asian market. The European TTF front-month quotation closely followed the more or less comparable JKM (Japan Korea Marker) index, and the Asian prices were even outbid for a short period at the end of the year.

Apart from the price increase, the dominant European issue in the energy market was the "Nord Stream 2" pipeline through the Baltic, which ends in Lubmin, Germany. The Russian Gazprom Group was able to complete engineering work on the parallel "Nord Stream 1" pipeline by December of the reporting year. Completion had been delayed due to political concerns and influencing with

regard to the Ukraine conflict, Germany's climate policy and, last but not least, because of economic competition with LNG deliveries. Against the background of the war in Ukraine it has to be assumed that Nord Stream 2 will not be put into operation in the foreseeable future. For the German and Austrian gas markets pooling the market territories of Gaspool and NetConnect Germany under the name of Trading Hub Europe (THE) was an important topic. As of October the market territory for gas trading became larger and more liquid and with a simplified administrative trading process.

In Europe, the long-term outlook for natural gas remains unclear. The aspired ecological change relies on fast transition to zero-emission technologies. In the course of drafting the EU Regulation on Taxonomy a broad consensus was reached seeing gas-fired power stations as bridge technologies in the transition to zero-emission generation. However, only plants with carbon capture systems which are principally suitable for hydrogen are considered viable in the future. Capturing, storing and

using carbon dioxide on an industrial scale is still in its early stages and a carbon-free hydrogen industry is in its planning stage. Energy producers therefore demand more planning and investment security and, against the background of a coal phase-out, they warn about a supply gap in the case of increasing investment in wind and PV plants with no backup from gas power stations. As a hydropower country, Austria is in a better starting position, even though we also have to rely on imports, primarily from Germany, to secure supply.

Figure 1 shows the European TTF quotation for the month ahead and the year ahead (2022) in EUR/MWh.

At EUR 19/MWh the European TTF gas quotation started out in the reporting year at the same level as in the previous year. Retrospectively, gas market prices remained inconspicuous at a level of EUR 20/MWh until early June. The first half of the year was characterized by a long heating period. Moreover, generation by gas power stations was atypically high as coal-fired power

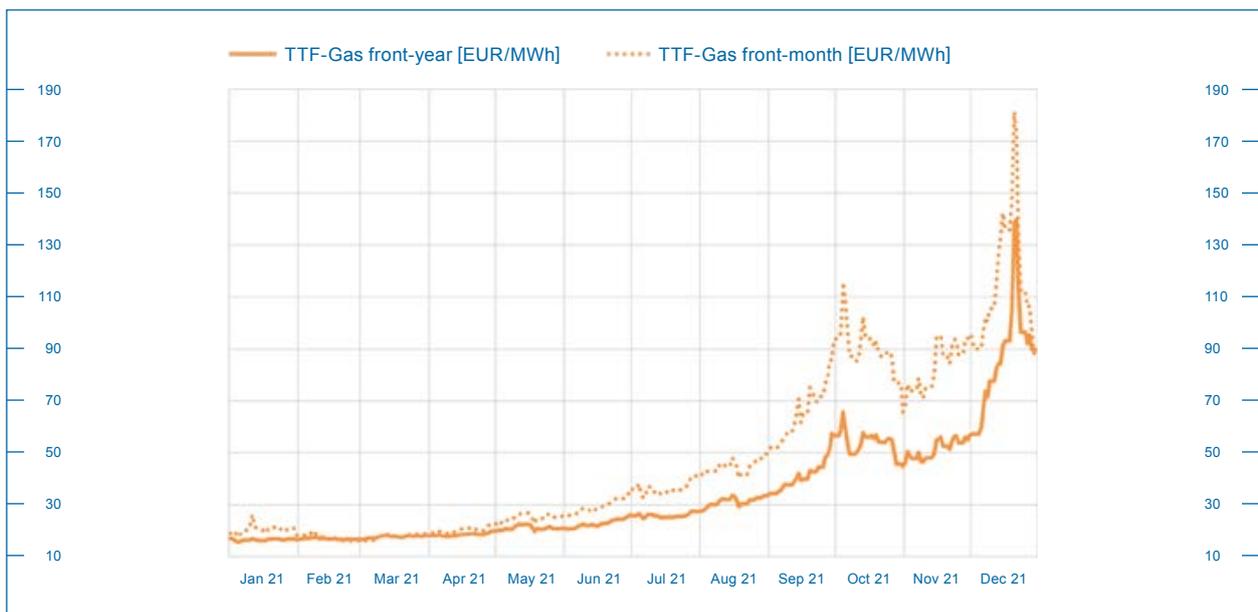


Figure 1: European TTF gas price quotation (front-month and front-year)

stations had higher cost of sales due to higher carbon prices. Consequently, gas volumes stored at favorable prices in the previous year were actually used and gas storage facilities were almost empty by the end of the heating period. With a view to the next heating period, filling of storage facilities should have started, but then the development of gas prices was characterized by an unparalleled price rally beyond anything usual.

As at the end of June the TTF front-month quotation stood at EUR 26/MWh, by September it had doubled to almost EUR 50/MWh, and the price of up to EUR 116/MWh reached by October was more than twice as high as the September quotation. In October, when a price range between EUR 90 and 100/MWh had formed, the price peak seemed to have been reached, and prices then rapidly dropped to EUR 70/MWh by the end of October. Until mid-November the range of early October was established again. In December there were briefly no limits: from EUR 90/MWh at the beginning of the month to the all-time high of EUR 180/MWh and over the Christmas holidays back to EUR 70/MWh by the end of the year.

As the year progressed, the European gas market was more and more dominated by worries about supply shortfalls in the winter. The price escapades during the year not only led to peak prices but also to unfavorable price conditions, with the summer prices being higher than the prices for the winter quarters to come. Normally, gas is being stored in the summer months when the futures prices for the winter are higher than the prices during the filling period in summer. Therefore, storage facilities were filled only reluctantly, and at the beginning of the heating period the gas storage facilities were filled only at 75% instead of the usual 90%. At that time concerns about supply security were broadly covered by the media and in political discussions, with the situation being aggravated by the anxious question of whether the Gazprom Group would reduce its supply to force putting into operation of the Nord Stream 2 pipeline.

In this matter experts disagreed. It is a fact that new transport terms and conditions applied to two European main lines in the reporting year. The long-term transit agreement on the Jamal pipeline to Poland ended and the European Network Codes entered into force, so that transport rights can now be booked for short periods only. As regards the pipeline to Ukraine a transit agreement applies which provided for a significant volume reduction for 2021. For further transport to the EU additional transport sections must be booked under EU law. Gazprom's booking activities on those main lines were monitored very closely in Europe. When in the second half of the year transport sections remained unused and Gazprom's storage facilities in Europe were hardly filled, the European market price responded by hectic fluctuations.

During the price peak in early October Gazprom had booked no capacities on the Ukrainian pipeline either and from October it even reduced the gas flow through Poland drastically. The peak phase before Christmas had been preceded by a reversal of the direction of deliveries on the Jamal pipeline, so that gas was flowing from West to East. The maximum prices in December even exceeded Asia's price level, so that more LNG carriers started to land in Europe again, to which the market responded by an equally rapid price decrease. Finally, also the role of speculative investors in a market characterized by extreme price changes must be mentioned, who, thanks to their financial strength, are able to take relevant market positions.

Until June the TTF front-year 2022 quotation basically followed the one-month contract; in the second half of the year the annual product continued to follow that price trend, however, without fully pricing the short-time supply situation and peak price phases. Only as late as in December a typical alignment taking place until the end of year could be noticed.

## CO<sub>2</sub> EMISSIONS

In addition to coal and gas prices, the prices of European allowances for carbon emissions (EU-ETS, EUA certificates) are a key input variable for electricity generation costs of thermal power stations and thus for electricity prices as such. As of the beginning of the year, the emission allowances are in their fourth trading period, which will last until the end of 2030. In principle, the carbon price makes generation in thermal power stations more expensive, even more so for those with higher specific carbon emissions, above all lignite-fired power stations, followed by hard coal-fired power stations. All other factors being equal, the following applies: the higher the carbon price, the higher the generation costs of coal-fired power stations as compared to gas-fired power stations, and, of course, also by comparison with hydropower stations and other generation from renewable sources. Higher carbon prices result in higher electricity prices, making especially renewable energies more competitive.

The carbon price thus plays a pivotal role in the future course of the energy transition.

Since 2017 European carbon prices rose from EUR 5/t to EUR 25/t by the end of 2019 and to EUR 32/t by the end of 2020. In 2021 the price for emission allowances only knew one direction: steeply upward. The year started at a carbon price of EUR 32/t but demand, presumably influenced by speculative market participants, led to a continuing upward trend in spring 2021. By mid-May the carbon price had risen to a (then) all-time high of more than EUR 56/t, which was supported by rising natural gas prices and a constant upward sentiment in connection with the upcoming reforms of the carbon market; in addition, the EU Commission announced a larger number of emission allowances to be retained in accordance with the Market Stability Reserve for 2021/22.

In July 2021 the EU Commission presented the Fit for 55 package including proposals for the planned reduction of net greenhouse gas emissions by at least 55% compared to 1990 by 2030. The envisaged emission

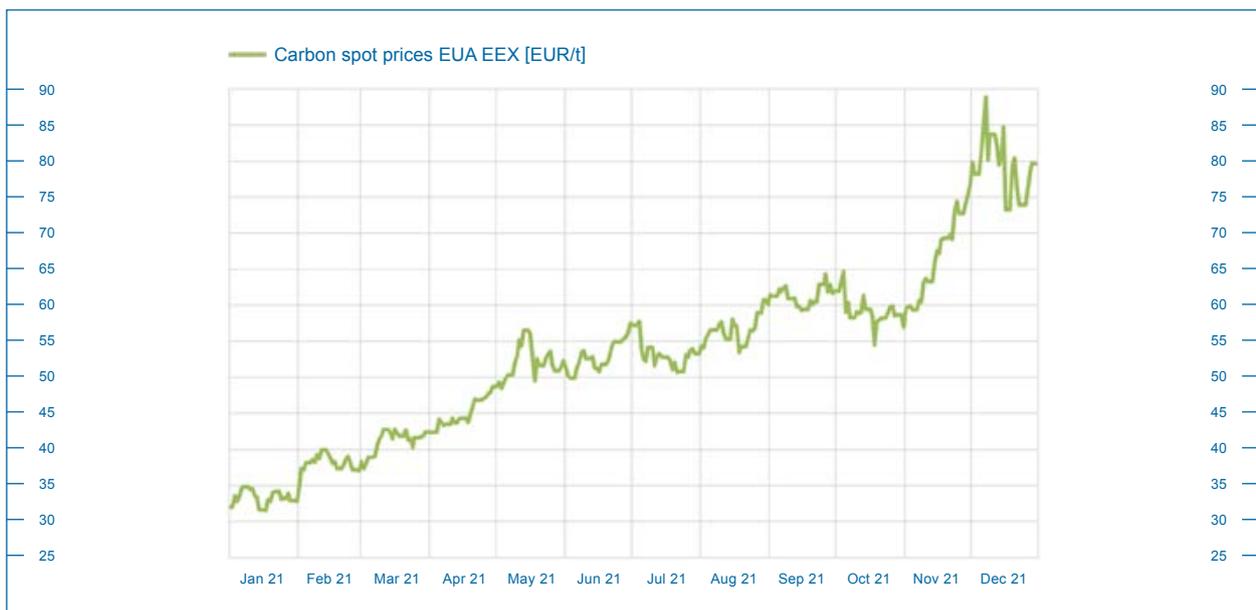


Figure 2: Spot market prices of emission allowances for the fourth trading period in 2021

reduction is to pave the way for Europe to become the first climate-neutral continent by 2050.

Throughout the summer the carbon price moved within a broad range of between EUR 50/t and EUR 60/t until September, with profit-taking leading to brief corrections in between. High energy prices caused the industry to cut production, resulting in an increase in emission allowances in the market and causing the carbon price to temporarily drop after a new record price of EUR 65/t to EUR 55/t in the course of October. In the fourth quarter, the rampant gas market supported carbon prices again after the more emission-intensive coal-fired power stations had become more competitive and driven the low-emission gas power stations out of the market. From November, for instance, the price of emission allowances rose sharply and marked a new all-time high of EUR 89/t on December 8, 2021 before closing the year at EUR 80/t.

In 2021 the average carbon price per ton was EUR 53, which was more than twice the previous year's price.

Figure 2 shows the spot market prices of emission allowances (EUAs) for the fourth trading period in 2021, expressed in EUR/t, as quoted by European Energy Exchange AG (EEX).

### DAY-AHEAD AND INTRADAY MARKETS

The spot price on the EPEX SPOT SE (EPEX) energy exchange for next-day delivery (day-ahead) for the market territory of Austria was quoted at an annual average of approx. EUR 107/MWh in 2021, an extreme 224% above the prior-year level of approx. EUR 33/MWh. The corresponding futures market price for 2021, i.e. the price expected at year-end 2020 for the annual baseload for 2021, was significantly lower at EUR 50/MWh.

As mentioned above, the trigger for the high spot price level in 2021 was the global economy's recovery after the pandemic year of 2020 and the related strongly increasing demand for commodities. A cold winter with

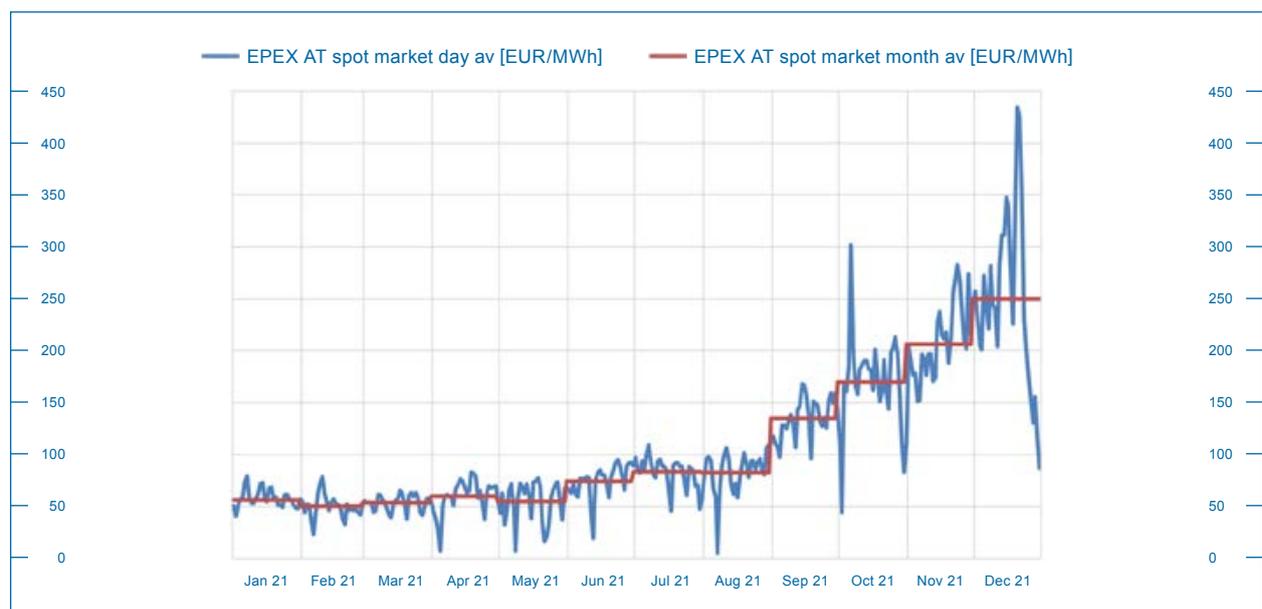


Figure 3: Price development of the market-coupling price on the EPEX/EXAA energy exchanges for the market territory of Austria in the year 2021

low wind speeds and wind feed-ins significantly below the normal annual figures led to a stronger demand for gas, both for heating purposes and in electricity generation. In addition, the supply situation was aggravated by lower levels in the gas storage facilities in Europe and maintenance work going on in Russia and Norway plus a price-driven Asia-dominated supply with LNG. The high carbon, gas and coal prices directly affected the electricity generation costs and market prices, which can especially be seen in Figure 3 from the stair-like development of monthly average prices in the second half of the year.

*Figure 3* shows the price development of the market-coupling price on the EPEX/EXAA energy exchanges for the market territory of Austria in the year 2021, illustrated by the average daily price on the spot market (Phelix AT base) and the average monthly price in EUR/MWh.

As mentioned above, in 2018 the previously joint German-Austrian electricity pricing zone was split up, resulting in different electricity wholesale price levels in the two countries. In 2021, the mark-ups in the Austrian day-ahead market compared to Germany amounted to an annual average of EUR 10/MWh. The differences in prices are often due to the fact that the transmission capacity actually available between Germany and Austria is usually lower than the figure of 4,900 MW announced to the market participants within the scope of the so-called flow-based market coupling.

Specific days with low price levels clearly show the impact the fluctuating generation from renewable sources has on prices. When power consumption is low, usually on Sundays and public holidays, while wind and/or PV generation is high, electricity prices tend to plummet or even become negative. Overall, the day-ahead market in Austria saw only 64 hours where electricity prices were

negative in 2021. Accordingly, Austria recorded negative electricity prices significantly less often compared to the previous year (111 hours). In Germany negative prices were clearly less frequent in 2021 compared to 2020 as well (only 139 hours). Between January and the end of May the monthly average of electricity prices in Austria was between EUR 50/MWh and EUR 60/MWh. Since June a strong upward trend has been noticed and the higher price level has also led to increased volatility on the spot markets.

The day with the lowest average daily price in Austria, namely EUR 5/MWh, was August 8, 2021, a Sunday on which a large volume of renewable energy was fed in. The highest average daily price was recorded on December 22, 2021 at EUR 427/MWh, which directly corresponds to the exploding gas prices on that day.

## INTRADAY MARKET

Intraday trading covers the delivery period between day-ahead and balancing energy deliveries of one-hour and 15-minute products and has expanded owing to the increasing use of unreliable generation from renewable sources, in particular in Germany. The split-up of the German-Austrian market, however, meant a significant setback for intraday trading in Austria, while trading volumes in the German intraday market continued to develop satisfactorily. In a small market area like Austria, a liquid market is not available for every time unit.

The price fluctuations in the intraday market mainly reflect intraday surplus or shortage situations. On November 29, 2021 the highest price of a one-hour product in the Austrian intraday market was recorded at EUR 1,333/MWh and on April 20, 2021 the lowest level was marked at minus EUR 130/MWh. The price band between daily maximum and minimum prices in the intraday market amounted to EUR 138/MWh on a 2021 average

and was thus more than twice the average day-ahead price level of EUR 72/MWh, which underlines the value potential of that market segment. Until the end of August the price range remained at a level similar to that in prior years, whereas from September until year-end the average price range more than tripled compared to the previous year.

Intraday products are traded on the energy exchanges 24/7, all year round. The intraday market offers opportunities especially to traders with flexible means of generation, enabling them to generate revenue even at times when market or economic conditions are unfavorable. TIWAG, with its array of reservoir and pumped storage power stations, is virtually predestined for this market segment.

Figure 4 shows the price development on the EPEX in the year 2021 as minimum and maximum daily figures on the intraday (hour) market for Austria, expressed in EUR/MWh.

## CONTROL ENERGY

To safeguard the stability of the electricity grid, generation and consumption must be at the same level at all times because, even though limited volumes can be stored in (pumped) storage power stations or comparatively minor volumes in batteries, no electricity can be stored in the grid itself. Unplanned fluctuations in generation or consumption are balanced by the operators of the transmission grids by balancing capacity (the so-called control reserve). Balancing services can be provided by flexible generation and consumption facilities and must be contracted by the transmission system operators based on market economy principles. As its high-performance power stations enable TIWAG to provide balancing services at short notice, we have for many years been a reliable partner of the transmission system operators and have successfully been doing business on various electricity balancing markets. Apart from using our own power stations to make this major contribution to system stability, TIWAG also enables its partners to make

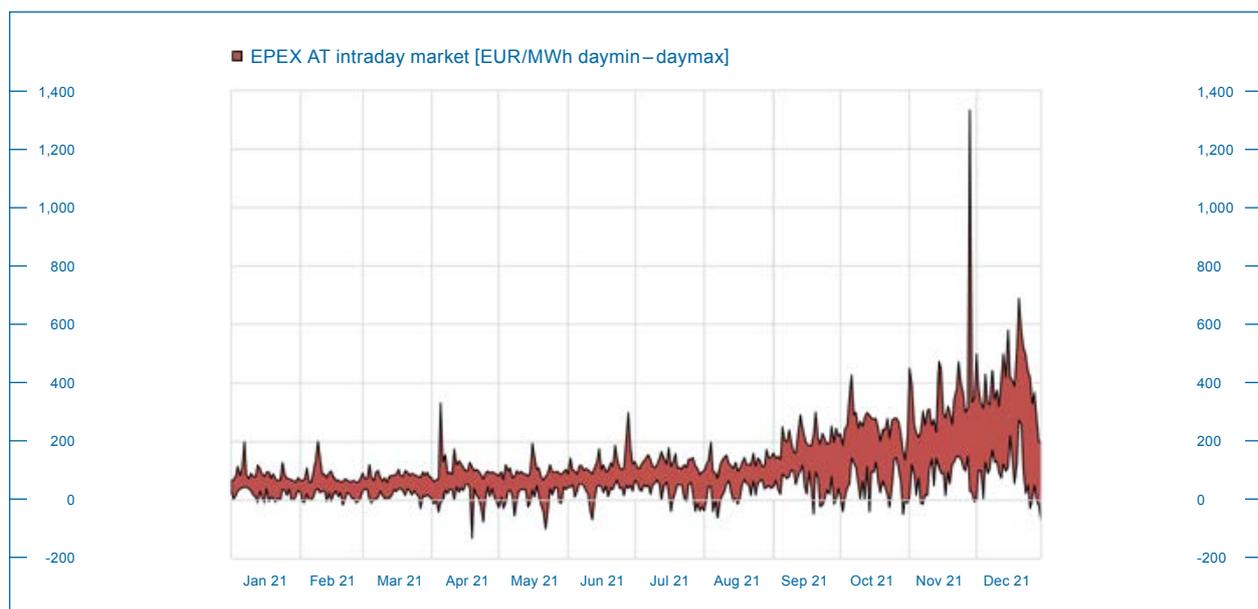


Figure 4: Price development on the intraday (hour) market on the EPEX in the year 2021

their power station capacities available on the electricity balancing market through TIWAG's balancing services pool.

Aiming to further intensify competition and open up the market for facilities with a short-term planning horizon, such as renewables producers, Germany and Austria switched from weekly calls to business-day calls in July 2019, and to calendar-day calls featuring six 4-hour blocks in July 2020, for primary control capacity.

The fourth quarter of 2020 saw the introduction of balancing energy markets for balancing energy qualities such as secondary or tertiary control (manual Frequency Restoration Reserve (mFRR)). Regardless of any previous participation in the market for balancing capacity, all pre-qualified participants can also participate in six intraday auctions for balancing energy. The balancing energy market thus allows to market flexible capacity at short notice to ensure frequency stability. As this has resulted in a separation of the markets for balancing capacity and balancing energy, the balancing capacity market now has a different function: the contracts awarded there serve as an "insurance product". They ensure that sufficient balancing capacity will be available if the balancing energy market, which is processed later, happens not to be sufficient.

For 2022 additional regulatory developments are planned, including an acceptance channel for secondary control and changing the secondary and tertiary control markets from 4-hour to quarter-hour products (under the MARI and PICASSO projects). In doing so, control energy will be further split up in smaller parcels, which will enhance bidding options, on the one hand, but also require more efforts to make and adapt bids, and will make the process more complex in general. TIWAG constantly works on enhancing its systems to meet the more challenging demands.

## FUTURES TRADING

Wholesale electricity trading with futures products, i.e. relating to months, quarters and years ahead, is subject to the pricing mechanisms of spot trading and other influencing factors. Futures trading attracts a larger circle of traders, including those who do not have generation facilities of their own, and pricing in futures trading is not only influenced by objective fundamental criteria, such as futures prices of commodities or emission allowances, but also by the speculative opinions and individual expectations of market participants.

In 2021 electricity prices almost mirrored the price increases in the gas and coal market which, as mentioned above, are attributable to the global economy's recovery after the pandemic year 2020 and to the related strong rise in demand and the shortage of commodities on the supply side.

In addition, as described in detail above, the market price of emission allowances doubled. After a moderate price increase until May, in summer the world-wide booming gas and hard coal markets in combination with low gas storage levels and low liquid natural gas deliveries to Europe caused an analogous price increase on the electricity markets as well. In September and October, the situation in the gas market deteriorated drastically because of the lack of transit capacity bookings for Russian gas. In addition, political tensions between Russia and Europe increased. In that environment, electricity prices doubled, and especially in physical futures trading liquidity was severely restricted. Closely linked to the commodity price development prices fell quickly again and subsequently continued at a high level with high volatility. Another increase in gas and electricity prices was recorded mid-November, when the certification procedure for the Nord Stream 2 operating company was discontinued. Moreover, sizeable liquid natural gas

deliveries to Europe could only be allocated at correspondingly high supply prices. In addition, the electricity and gas prices continued to rise mid-December due to maintenance work in French nuclear power plants.

In November and December also long-term electricity contracts for the calendar years 2023 to 2025 saw considerable increases due to rising carbon prices, on the one hand, and increasing tensions in the Ukraine conflict in combination with uncertainties regarding Russian gas deliveries and the Nord Stream 2 pipeline, on the other hand.

Another important reason for rising electricity prices was the power station capacity (not) available in the market. Non-availability of French nuclear power plants caused by postponements in the maintenance calendar, shutdowns in compliance with the law on the reduction and phase-out of coal-based power generation in Germany, and the closing down of three German nuclear power plants on December 31, 2021 supported the electricity price.

Given the lack of liquidity in the wholesale market, price quotations for Austria – as opposed to those for the market territory of Germany and for the joint market of Germany and Austria, which existed until 2018 – are in most cases indicative and mostly not tradable. The generally very low trading volume is further limited to front products not so distant in time (month +1, quarter +1, year +1), while products lying further in the future mostly do not show any kind of trading activity. Usually, generators and suppliers may only hedge Austrian supply obligations via electricity trading in the more liquid German market and, to a very limited extent, by Financial Transmission Rights.

*Figure 5* shows the electricity trading prices (futures), expressed in EUR/MWh, as quoted by the EEX, for deliveries in 2022 of base and peak products for the market territory of Austria.

## FINANCIAL TRANSMISSION RIGHTS

Along with the market separation in 2018, a new financial product to hedge against market price differences between Germany and Austria was introduced by the Joint Allocation Office (JAO), the so-called Financial Transmission Rights (FTR). Physical transmission rights are not available between Germany and Austria. FTR are acquired at auctions and are limited to so-called base products of mostly constant capacity for the front-year and front-months from time to time. Thus, the variety of products is far smaller compared to electricity products on the energy exchanges and thus fewer hedging options are available than those in the electricity forwards market. Moreover, FTR can, in principle, be bought only once and for a particular point in time. There is no secondary market where transmission rights could be resold. Great uncertainties still exist in terms of estimating future price differences between Austria and Germany. They strongly depend on weather conditions and transmission capacity made available from day to day. Consequently, the uncertainties are significantly greater at year auctions than at month auctions, as the latter are held about ten days before the start of delivery, when both the meteorological conditions and commodities prices for the month ahead are easier to assess. The price difference at the JAO year auction for the delivery year 2021 amounted to approx. EUR 2/MWh while the balanced price difference from the month auctions amounted to EUR 5/MWh on average and the day-ahead market to EUR 10/MWh on average. Due to the steep absolute electricity price increases from September to December and fluctuating electricity generation at PV and wind power stations in Germany, the electricity price differences between the German and the Austrian market territory rose sharply as well.

### ELECTRICITY TRADING BY TIWAG-TIROLER WASSERKRAFT AG

TIWAG’s electricity trading activities primarily serve the purpose of covering demand to ensure optimized supply of our customers in Tyrol in terms of price and risk through a mix of self-generation, long-term barter agreements, as well as supply from electricity traders.

In this field of activity, TIWAG is exposed to financial risks, which TIWAG counters with a risk management structure modeled on that of the banking system. TIWAG’s Risk Committee, which includes the member of the Management Board in charge of this area, is responsible for ensuring compliance with the risk-relevant standards specified by the management. Continuous monitoring of the limits with respect to counterparty risks (e.g. payment default, replacement and/or resale) and market price risks is carried out on an ongoing basis by the operational risk management team in charge of trading and, after that, by group-wide risk management.

In the reporting year, TIWAG undertook further efforts to integrate third-party facilities into the control energy pool. Another focus was on optimizing the use of flexible-capacity power stations in short-term and intraday trading.

In 2021 precipitations were average but large monthly deviations were recorded. The first half of the year was in line with long-term average in terms of hydraulic conditions, whereas in the second half of the year the summer quarter saw high precipitation and inflow volumes while the winter quarter remained below average, resulting in an average water year in total.

### REGULATORY ENVIRONMENT

In the reporting year, the UK took its last few steps to exit the EU and a few details of the Capital Markets Recovery Package of 2020 were implemented. A quite essential measure for the industry was, among others,

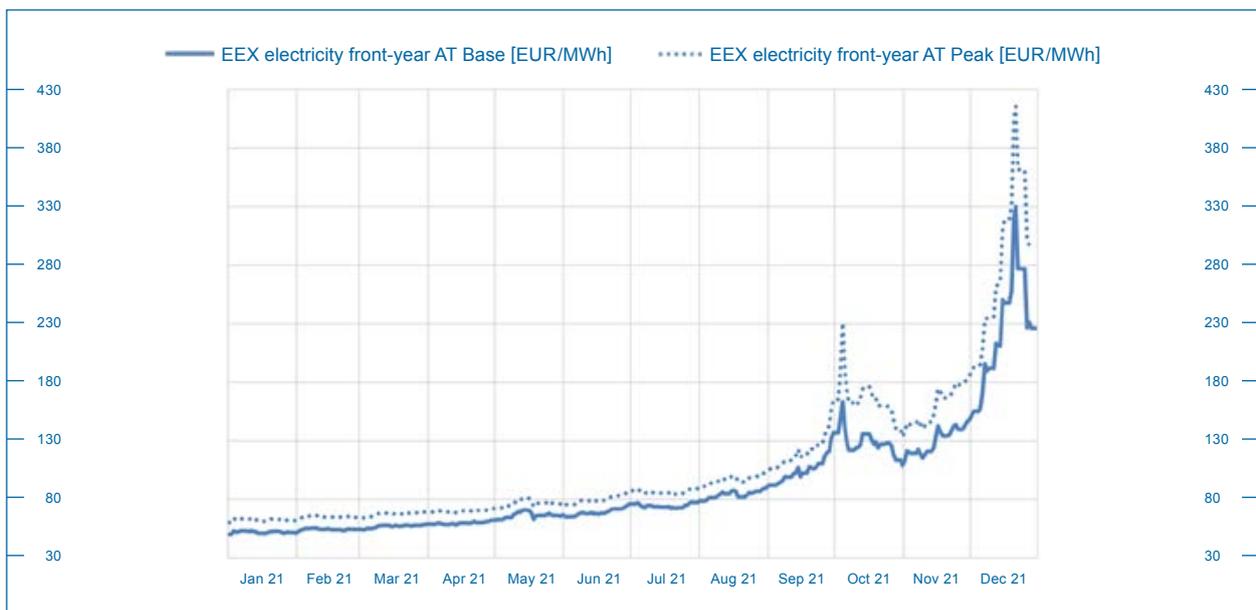


Figure 5: Electricity trading prices (futures) for deliveries in 2022 of base and peak products in the trading year 2021 on the EEX

the adaptation of the exemption relating to ancillary services under Directive 2014/65/EU (MiFID II), which defines the activities which must remain below a certain threshold for an undertaking not to be considered an investment firm. In particular, the overall market share test was eliminated because Brexit had considerably changed the market to the effect that undertakings were no longer eligible for the exemption after that test.

The entire year was characterized by activities related to the “Green Deal”. In the proposal for a directive on corporate sustainability reporting of April 21, 2021 the applicable provisions of the directive on corporate non-financial reporting were revised. Its aim was to create a set of rules intended to align corporate sustainability reporting with financial reporting over time. The proposed directive is going to expand EU provisions on sustainability reporting to include all large-scale enterprises and all listed companies. In this context EU standards for undertakings are intended to simplify reporting by at the same time meeting information requirements of investors and other interested parties.

On June 4, 2021, the delegated acts on climate protection and climate change mitigation and adaptation, which are important for the energy industry, were published within the scope of the EU Taxonomy Regulation. The acts define the criteria, including for activities in the energy sector, following which they will substantially contribute to reach the climate goals and not significantly undermine any climate objectives. Critical issues regarding management of gas and, above all, nuclear power, were left aside and only as late as at the end of the reporting year did the European Commission send out a controversial proposal to the Member States. The separate delegated acts considered both technologies to be sustainable on strict conditions.

In fall, Europe-wide discussions on measures against the massive price increases in the energy sector, especially of gas and electricity, were initiated. In October, the European Commission presented a so-called tool box that included proposals for the Member States to

cope with the negative effects on households and businesses, mainly consisting of tax reliefs, social benefits for the most disadvantaged consumers, and other immediate financial aids. In an initial report in fall, the EU Agency for the Cooperation of Energy Regulators (ACER) held that the price increases were predominantly owed to the steeply increased gas prices around the world. ACER had found no indications of a market failure or market manipulation and warned against national interferences with the functioning electricity market, which honors our industry at the 20-year anniversary of electricity market liberalization.

On July 14, 2021, the European Commission initiated several legislative packages under the working title of “Fit for 55” to achieve the climate goals, with Europe to become the first climate-neutral continent. Apart from amending Directive 2003/877/EC on emissions trading and Directive (EU) 2018/2002 on energy efficiency, the program also concerns Directive (EU) 2018/2001 on energy from renewable sources. The process will reach into 2022 and happen in parallel to the national implementation measures under the directives on energy efficiency and renewable energies of 2018 currently in force.

In Austria the Federal Government presented a government bill on the so-called “Renewables Expansion Legislation” to the Austrian Parliament on March 17, 2021, which will introduce the Renewables Expansion Act [EAG] as well as, inter alia, the amendments to the Green Electricity Act [Ökostromgesetz/ÖSG] 2012 and the Electricity Act [EIWOG] 2010. Those are designed to implement the European rules set out in Directive (EU) 2018/2011 on renewable energy (“RED II”) and parts of Directive (EU) 2019/944 on the internal market in electricity in national law for the electricity market.

One of the key issues addressed by the legislation is changing the funding scheme for expanding electricity generation from renewable energy sources from fixed feed-in rates determined by administrative authorities towards a variable market premium determined by

competition through bids and tenders. The approach proposed for that purpose is technology based, with different criteria and expansion paths for primary energy resources such as water, wind, solar energy and biomass. Funding is to continue to be based on grid usage flat rates and surcharges on grid usage charges. In addition, the new market roles proposed by the EU, namely renewable energy communities (RECs) and citizens energy communities (CECs) will be introduced. The aim here is to ensure the participation of consumers in the energy transition. While the proposed implementation in Austria is highly ambitious, it includes no adequate counterparts for key elements of the existing market model with its balance groups, such as responsibility for balancing energy and information and data sharing. As proposed by the legislative package, electricity labeling, which is well established in Austria and highly advanced by European standards, is to be revised and expanded, but alongside favorable developments towards a simplified presentation to consumers, this also involves critical issues, such as mandatory disclosure of jointly traded electricity or guarantees of origin.

After some adaptations the laws were passed by the Austrian Parliament by July 15, 2021 and entered into force on July 28, 2021. Subsequently, the Renewables Expansion Act including its funding provisions for expanding generation from renewable energy sources in Austria was notified to the European Commission for approval under the State aid rules. Necessary adaptations resulting therefrom will be considered in the legislative process by amendments in early 2022.

Practical implementation of the funding measures in the form of investment grants, as well as the market premium will have to be determined by regulation of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK).

## Other activities

### PROJECTS FOR EXPANDING LOCAL HYDROPOWER CAPACITIES

#### Construction of the Tauernbach-Gruben power station (TG)

On January 9, 2013, TIWAG submitted its Tauernbach-Gruben project to the relevant authority for environmental impact assessment. At the beginning of 2017, the authority declared that the documentation filed was complete. The EIA hearing took place in May 2018; a decision by the first-instance authority was published by decree on May 17, 2019. Five appeals against this decision were lodged with the Austrian Federal Administrative Court [*Bundesverwaltungsgericht/BVwG*]. The second-instance hearing before the Federal Administrative Court took place in September 2020. The court is expected to render its decision in early 2022.

The Tauernbach-Gruben power station is designed as a diversion-type power station with a water intake in the area of the Schildalm alpine homesteads and a powerhouse directly below the transalpine oil pipeline (TAL). The water intake will be built below the Schildalm alpine homesteads shortly before the steep section. The headrace channel will consist of two sections: a pressure tunnel in the upper section (approx. 2 km) and a buried penstock from the end of the tunnel to the powerhouse

(approx. 6 km). The headrace channel will need to cross under the transalpine oil pipeline and the Tauernbach river. After completion, the power station is envisaged to supply the region with an average of 85 gigawatt hours (GWh) of electricity per year.

#### Construction of the Imst-Haiming power station (IH)

On June 1, 2015, the project was filed with the EIA authority along with an application for an environmental impact assessment. After reviewing the documents filed, the authority set the deadline for the submission of supplementary documents at December 31, 2018. For the authority to be able to continue with the approval procedure, the improved documentation to be submitted (first revision) was transmitted before the official deadline, namely on October 9, 2018. After another review, a further order to revise the project was issued in March 2019 with a deadline at the end of March 2020, which was complied with in due time (second revision). In June 2020, the authority issued a new order to revise the project, with processing scheduled to be completed by the end of March 2021 (third revision). Due to the decision to include in the project discharge of water for rafting, a fourth revision was drawn up. The fourth revision will be submitted in early 2022.



The new powerhouse will be built directly below the pumping station of the transalpine oil pipeline. After completion, two turbines will produce an average of 85 GWh of electricity per year.

### Expansion of the Schwarzach power station

At the beginning of the reporting year, all approvals required for expanding the small-scale Schwarzach power station in East Tyrol were in place. The addition to the power house in Huben is designed to expand annual power generation and increase supply for the district's own use. The project is also aligned with the national strategy for the expansion of hydropower through improving and optimizing existing facilities. It was designed to allow adding another machine set in the power house without the need for structural measures on the water intake or penstock. Annual power generation will thereby increase from 61 to 83 GWh.

Capital expenditure will amount to approx. EUR 17 million. Preparatory construction work was started as early as in January 2021. Completion is scheduled for 2022.



The power house of the Schwarzach power station in Huben, East Tyrol, during construction.

### Construction of the Kühtai storage power station (SKW)

With EIA approval having become final and non-appealable, preparatory work was started in 2019 to establish a basis for obtaining the construction decision by mid-2020 as envisaged and to subsequently start with the main part of the work. Preparations were completed in time in fall 2020, and in April 2021 the main construction work was commenced as envisaged. Setting up of the construction site was completed, and underground and excavation work for the dam was commenced. The avalanche committee established specifically for the construction site and the safeguards constructed proved successful for the first time in the winter.



The Kühtai construction site in December 2021

In the reporting year, construction of the tailwater reservoir in Stams was continued as scheduled. In addition, the Stams–Rietz renaturation measure was commenced on the Inn river, which is being broadened over a length of 3 km. Renaturation of the Brunau weir in the Ötztal valley was completed in July 2021 after nine months of construction and capital expenditure of around EUR 3 million by TIWAG. In the course of the project a long section of the Ötztaler Ache river was newly designed to allow passage for fish and water sports all year round.

For more information and an up-to-date overview of the entire expansion project and the numerous compensatory measures please refer to [www.erneuerbareplus.at](http://www.erneuerbareplus.at).



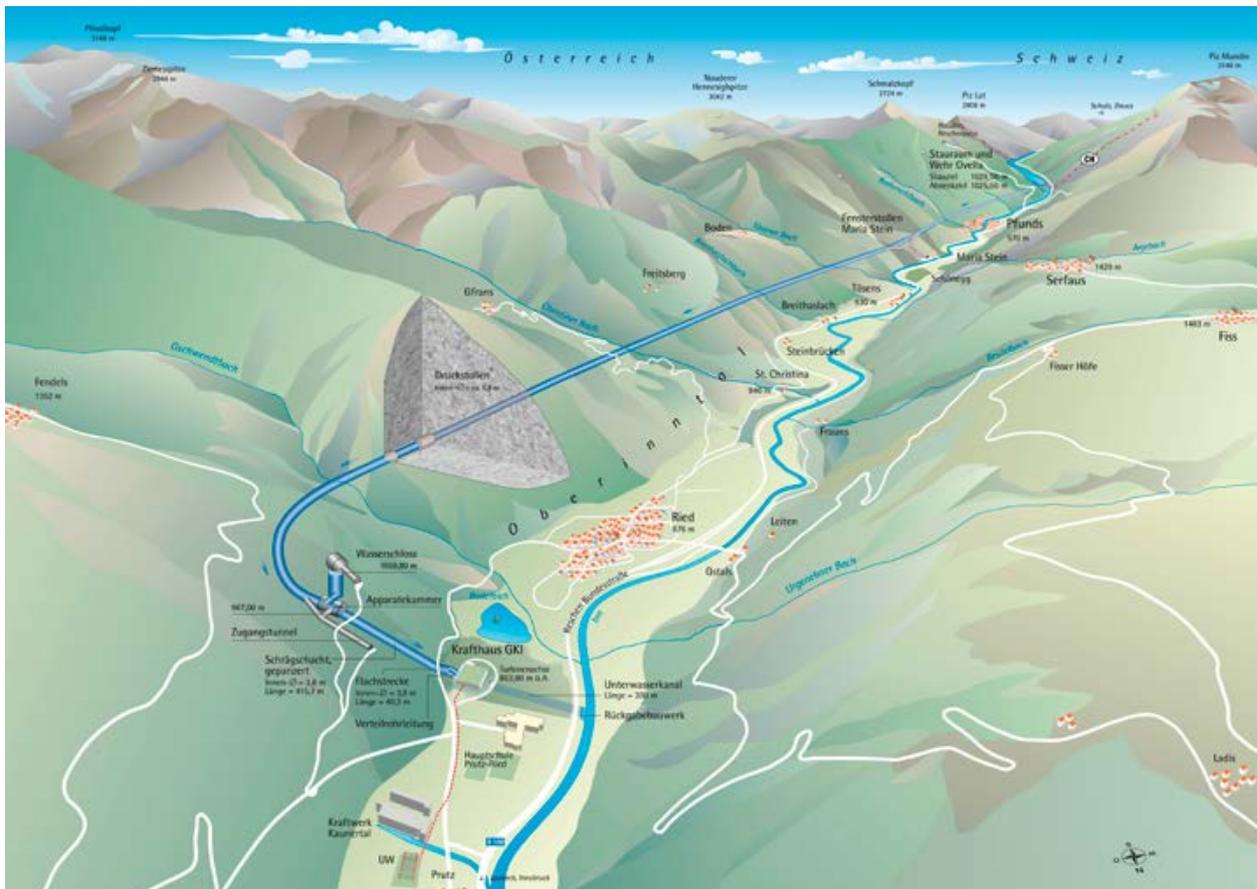
Proudly presenting successful implementation of the renaturation measure at the Brunau weir (from left): Marcel Pachler (Rafting Association), Stefan Thonhauser (TIWAG), Hubert Wammes (Wassergenossenschaft Haiming), Mayor Manfred Köll, TIWAG Management Board Member Johann Herdina and Mayor Josef Leitner.

### Construction progress at the Inn river joint-venture power station (GKI)

The joint-venture power station on the Inn river (GKI) at the Swiss-Austrian border currently is the largest run-of-river power station being built in the Alps. After its completion, the power station, having an installed capacity of 89 MW, will produce some 440 GWh of clean electricity from hydropower per year. The capital expenditure of EUR 620.0 million related to the joint-venture power station is one of the largest investments the Tyrolean uplands have seen in decades.

Work on the construction site, which was started in 2014, has been completed in many areas by now. Work on and around the reservoir in the border area near Martina, for instance on reinforcing the embankment and elevating approximately 350 m of the cantonal road, was completed in the reporting year as well. After the 2019 flood, local erosions occurred at the head of the reservoir. The embankment in that area was further reinforced.

Work on the construction pit perimeter and the deep foundation of the reserved flow power plant, which was



View of the entire project area of the Inn river joint-venture power station (GKI)

resumed in the fall of 2019, was successfully finalized in the summer of 2020. Concrete work started in November 2020 and progressed quickly. Therefore, assembly work on the intake rake was commenced as well. In the area of the weir both pressure segments were installed as envisaged during the low-water period in fall.

Excavation work on the 23.2 km long headrace tunnel had been completed as early as in 2019. Following disassembly of the two tunneling machines, extensive injection work took place to consolidate and seal the rockface, which was completed in December 2020. The headrace channel plus access tunnel was completed in December 2021. Filling the headrace channel has already commenced.

In the area of the Prutz/Ried powerhouse, the main construction work on the underground and above-ground structures and installation of electrical machine-



Overview of the Ovella construction work



Assembly of segments at the weir



The new powerhouse in Prutz/Ried

ry was concluded by fall 2018. Remaining completion work was finished in 2019. Recultivation measures were taken around the powerhouse, the main part of which is located underground, and along the covered tailwater channel. The green areas were planted, among other things, with old varieties of fruit trees.

Given the delays at the weir construction site in Ovella, it is currently estimated that the Inn river joint-venture power station will be put into operation in fall 2022.

## ÖKOENERGIE TIROL GMBH

Ökoenergie Tirol GmbH is a subsidiary of TIWAG-Tiroler Wasserkraft AG. Established in April 2010 to supply visionary and eco-conscious customers with 100% green electricity, it is now an important part of the TIWAG Group and an esteemed reliable Tyrolean partner in the region. In 2021 Ökoenergie Tirol GmbH therefore decided to offer exclusively products certified by the Austrian green electricity Ecolabel "UZ 46 Grüner Strom" awarded by the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) starting from 2022. The certificate is



awarded on the basis of transparent criteria and guarantees top green electricity quality. For more information please refer to [www.umweltzeichen.at](http://www.umweltzeichen.at).

By purchasing an electricity product which is guaranteed to be free from nuclear or fossil energy sources all customers of Ökoenergie Tirol personally contribute to climate protection and an ecologically compatible future.

#### 2021 ENERGY EFFICIENCY PACKAGE: FUNDING PACKAGES FOR PHOTOVOLTAICS AND HEAT PUMPS

In the reporting year, TIWAG once again presented an attractive energy efficiency package of some EUR 5.7 million to its customers to support them with comprehensive consultancy and services when changing to renewable energy technologies. A special focus of the package was on photovoltaics and heat pumps.

Heat pump installations were funded by a flat rate of EUR 300 for detached houses or EUR 100 per kW of electrical power consumption for apartment buildings, large-scale residential construction or non-residential buildings. In 2021 a total sum of EUR 200,000 was available in the heat pump funding pot once more.

For photovoltaic installations of a maximum capacity of eight kilowatt peak (kWp) an investment grant capped at EUR 400 was available. Via the TIWAG solar fund customers could order turnkey photovoltaic systems of a capacity range between four and twenty kWp. For customers who buy this offer TIWAG will handle everything: from applying for the necessary permits via installation up to commissioning. The first systems for private customers via the TIWAG solar fund were installed as early as in 2020.

TIWAG has funded installation and operation of photovoltaic systems through its energy efficiency packages for more than ten years now: disbursing more than



TIWAG Management Board Member Thomas Gasser (to the left) and Deputy Governor Josef Geisler (presenting the heat pump model) count on sustainable heating systems for climate protection in Tyrol.

EUR 7.3 million in funding feed-in rates and investment grants, with the systems generating a volume of approx. 19 million kWh of renewable electricity in the aggregate. In spring 2021 the 4,000<sup>th</sup> photovoltaic system supported by TIWAG was put into operation for a family in Tyrol. In the future, the regional energy supplier intends to increasingly use also wide-area systems on commercial and industrial buildings for generating electricity from solar energy. A first reference project was implemented for Geschützte Werkstätte Integrierte Betriebe Tirol GmbH (GW) and put into operation in June 2021: on the roofs of the two production sites in Vomp and Imst a total capacity of 600 kilowatt peak (kWp) was installed.



TIWAG Management Board Member Thomas Gasser (to the left), Deputy Governor Josef Geisler and Managing Director Klaus Mair (to the right) presenting the 400 kWp large-scale photovoltaic system on the production building of *Geschützte Werkstätte* in Vomp.

In future, the electricity volume of 580,000 kWh generated per year can be consumed directly. Capital expenditure of approx. EUR 470,000 was borne by TIWAG and accounted for through a lease model with a generation-based rent.

### E-MOBILITY: EXPANSION AND OPERATION OF TYROL-WIDE CHARGING INFRASTRUCTURES

In recent years e-mobility has quickly become very popular, which is proved not only by the constantly growing product ranges of e-vehicles of various manufacturers but also by the fact that TIWAG was able to welcome the 5,000<sup>th</sup> e-mobility customer in July 2021. Further evidence of the high increase rates is the fact that more than 6,000 customers had been registered by October 2021.

As the largest energy supplier of Tyrol TIWAG for many years has also pushed ahead with expanding charging infrastructure for e-vehicles throughout Tyrol, and in particular at publicly accessible locations with high visitor rates, including in East Tyrol, where in cooperation with the Municipality of Lienz a comprehensive charging infrastructure network was realized and expanded in the reporting year: now an additional 29 charging stations (AC and DC quick chargers) are available at eleven locations. TIWAG invested some EUR 200,000 and the Municipality of Lienz funded the costs of civil engineering.

In 2021 some 50,000 charging stations were available to TIWAG's e-mobility customers in Austria, Germany, Switzerland, Italy, and Liechtenstein, also thanks to cooperation within the European network of charging systems. In the reporting year this region-wide network was further expanded by cooperation with SMATRICES, one of the most important one-stop providers of e-mobility services in Austria. Now, via the "TIWAG mobil plus" rate

model TIWAG's e-mobility customers also have access to the extensive SMATRICES charging network in Tyrol; in turn, SMATRICES customers charge their vehicles in the TIWAG network for the single roaming rate.

Moreover, the 1,000<sup>th</sup> publicly accessible charging point was put into operation in Tyrol in October. Counting 390 public and semi-public charging stations at 108 locations and numerous other non-public charging stations TIWAG was the largest e-mobility provider in Tyrol in the reporting year.



Management Board Member Johann Herdina welcomed Walter Nothegger from Kitzbühel as TIWAG's 5,000<sup>th</sup> e-mobility customer.



In August 2021 Erich Entstrasser, Chairman of the TIWAG Management Board, Mayor Elisabeth Blanik (to the left), and Gerlinde Kieberl, Chairwoman of the Environment Committee, were pleased to announce completion of the new and modern charging infrastructure as scheduled, here at the Lienz waterworks.



Erich Entstrasser, Chairman of the TIWAG Management Board (to the right), and Deputy Governor Josef Geisler accelerate the expansion of e-mobility in Tyrol: counting 390 public and semi-public charging stations, TIWAG is among the leading providers in Western Austria.



One of the planned solar power stations with a total capacity of some 1,650 kWp under construction on the TIWAG premises in Jenbach: Governor Günther Platter with Reinhard Schretter, Chairman of the TIWAG Supervisory Board (to the right), and Erich Entstrasser, Chairman of the Management Board (to the left).

## FOUNDATION OF TIWAG-NEXT ENERGY SOLUTIONS GMBH (TINEXT)

In 2021 the regional energy supplier expanded its activities to bring about energy change in Tyrol: In future, all large-scale projects other than hydropower will gradually be bundled under the roof of the new subsidiary called TINEXT, which is short for TIWAG-Next Energy Solutions GmbH. In the next five to six years to come, a total of EUR 150 million will be invested in such projects. At the same time the new company has been founded to act as the central hub and competence center for the implementation of next-generation technologies in cooperation with the research and science community.

Work on the first few projects is continuing at speed: The first large-scale PV systems will be put into operation in 2022. By 2026 solar electricity generation is intended to be expanded to 23,000 kWp through TINEXT and will thus exceed the capacity of the Kernbichl run-of-river power station before the expansion.

Another focus is on developing a comprehensive low-carbon heat supply along the Inn valley. For this purpose, apart from expanding the current Wattens–Völs district heat system, it is planned to set up additional peripheral heat networks, primarily near urban centers

and by utilizing available industrial waste heat and heat from existing heat supply stations and biomass thermal power stations.

Meanwhile planning for the realization of hydrogen-based projects has been in full progress. The first plant of TIWAG in Kufstein (“Power2x Kufstein”) has reached the approval stage. In addition, a hydrogen filling station for heavy goods vehicles and quick charging systems for e-cars in combination with an integrated PV system are planned. Commissioning is scheduled for the end of 2023; capital expenditure will amount to approx. EUR 20 million.

## TIWAG GROUP'S CHRISTMAS DONATION WENT TO THE TYROL WOMEN'S SHELTER

In 2021 our Christmas donation was split in two for the first time. In addition to the energy sales division, which donated EUR 10,000 to the forKIDS therapy center (see the “Our customers” chapter on page 87), the TIWAG Group doubled the donation and gave another EUR 10,000 for necessary purchases and improvements to the Tyrol women's shelter.



TIWAG Management Board Members Erich Entstrasser, Thomas Gasser (to the left) and Johann Herdina (to the right) handing over the donation check to Gabriele Plattner (Managing Director of the Tyrol women's shelter).

As a victim protection and crisis intervention center the Tyrol women's shelter supports women and children threatened or affected by physical, psychological, and/or sexual violence. In order to offer better support, above all in rural areas, another women's shelter is being built in the Tyrolean uplands. The facility will provide five accessible apartments of various sizes. The donation of the TIWAG Group will be used for the new building.

## GROUP CRISIS MANAGEMENT IN TIMES OF COVID-19

After the first year of the pandemic, TIWAG Group's group crisis management (GCM) continued to be responsible for managing the crisis situation and maintaining operational processes also in the reporting year 2021.

The appointed crisis team under the alternating lead of Management Board Members Johann Herdina and Thomas Gasser was assisted by experts as needed in the given circumstances. Organizational units that run critical or vital processes were also briefed at *jours fixes*. The GCM team develops measures, orders their imple-

mentation, and subjects them to ongoing evaluation. In addition, a group-wide Corona Officer was appointed. The employees of the TIWAG Group were informed about the measures and rules of conduct periodically or on a case-by-case basis via the different internal information channels (blog entries on the intranet, infoservice mails, dashboard with current rules, etc.). The company managed to keep all processes running without disruptions. In particular, construction projects and other work, including activities involving external staff, were for the most part completed on time. No significant delays occurred in the supply chains, because essential materials, system parts, and other services are all being sourced regionally or within the EU.

Protecting our employees was one of our top priorities. Apart from sufficient personal protective equipment, such as FFP-2 masks, disinfectants, etc., employees were able to take internal free PCR tests on a voluntary basis at least once a week throughout the year. Starting from springtime, initial covid vaccinations were offered by the company as well.

A professionally designed in-house data platform and streamlined process organization has warranted contact tracing within the company. Furthermore, effective measures to minimize in-house transmission included offices being limited to one-person occupancy, working from home, and contactless work handover.

Since its establishment in March 2020, the GCM has proved its worth as a flexible and effective leadership instrument in the given circumstances, having coped well with the pandemic and its effects so far. Tyrol's basic supply with electricity, gas, and heat has been ensured at any given time since the outbreak of the pandemic, and the measures implemented by the TIWAG Group have prevented in-house virus transmission to the greatest extent possible.





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Energy from renewable hydropower:  
this has been TIWAG's mission ever since its foundation in 1924.

## BALANCE SHEET AS AT DECEMBER 31, 2021

Assets	Dec 31, 2021 EUR	Dec 31, 2020 kEUR
<b>A. Non-current assets</b>		
<b>I. Intangible assets</b>		
1. Licenses, industrial property rights and similar rights and benefits including licenses derived therefrom	4,808,397.08	5,660.7
2. Goodwill	734,456.48	944.3
3. Advances made	482,369,011.56	454,923.4
	<b>487,911,865.12</b>	<b>461,528.4</b>
<b>II. Property, plant and equipment</b>		
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	534,216,444.09	545,980.4
2. Machinery and electrical plants	257,017,452.49	236,466.2
3. Line systems	258,839,847.37	230,187.3
4. Other plant, furniture and fixtures	10,127,745.89	9,920.5
5. Advances made and construction in progress	370,143,231.49	222,266.1
	<b>1,430,344,721.33</b>	<b>1,244,820.5</b>
<b>III. Financial assets</b>		
1. Shares in affiliates	198,279,331.54	198,229.3
2. Loans to affiliates	161,149,999.96	170,783.3
3. Investments	613,561,453.02	590,761.5
4. Investment securities (book-entry securities)	50,156,878.53	50,217.9
5. Other loans	44,544,569.03	18,760.2
	<b>1,067,692,232.08</b>	<b>1,028,752.2</b>
<b>Non-current assets</b>	<b>2,985,948,818.53</b>	<b>2,735,101.1</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials and supplies	3,677,215.26	2,940.4
2. Finished goods and products	110,946.64	111.0
3. Services not yet chargeable	345,253.70	299.5
	<b>4,133,415.60</b>	<b>3,350.9</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables <i>thereof due after more than one year</i>	128,003,609.72 5,921,214.79	84,598.4 5,709.6
2. Receivables from affiliates <i>thereof due after more than one year</i>	155,158,940.64 87,457,798.21	151,666.4 95,408.5
3. Receivables from undertakings with which the company is linked by virtue of participating interests	5,869,255.98	4,710.8
4. Other receivables and assets	30,793,976.30	22,365.3
	<b>319,825,782.64</b>	<b>263,340.9</b>
<b>III. Cash in hand and at bank, checks</b>	<b>57,039,533.23</b>	<b>32,936.0</b>
<b>Current assets</b>	<b>380,998,731.47</b>	<b>299,627.8</b>
<b>C. Prepayments and accrued income</b>	<b>2,939,744.13</b>	<b>3,429.8</b>
<b>D. Deferred tax assets</b>	<b>10,197,229.09</b>	<b>19,206.0</b>
<b>TOTAL Assets</b>	<b>3,380,084,523.22</b>	<b>3,057,364.7</b>

Equity and liabilities	Dec 31, 2021 EUR	Dec 31, 2020 kEUR
<b>A. Shareholders' equity</b>		
<b>I. Share capital</b>	<b>300,000,000.00</b>	<b>300,000.0</b>
<b>II. Capital reserves</b>	<b>500,000.00</b>	<b>500.0</b>
<b>III. Retained earnings</b>		
1. Statutory reserve	30,000,000.00	30,000.0
2. Other reserves (free reserves)	1,214,212,937.00	1,102,813.0
	<b>1,244,212,937.00</b>	<b>1,132,813.0</b>
<b>IV. Net profit for the year</b>	<b>31,336,792.87</b>	<b>35,280.4</b>
<i>thereof profit carried forward</i>	280,418.35	414.6
<b>Shareholders' equity</b>	<b>1,576,049,729.87</b>	<b>1,468,593.4</b>
<b>B. Investment grants</b>	<b>8,964,344.79</b>	<b>8,941.9</b>
<b>C. Contributions to construction costs</b>	<b>175,977,921.11</b>	<b>173,314.1</b>
<b>D. Provisions</b>		
1. Provisions for severance pay	66,436,765.58	70,051.2
2. Provisions for pensions	126,979,321.68	140,458.2
3. Tax provisions	0.00	0.0
4. Other provisions	339,237,552.81	362,401.6
	<b>532,653,640.07</b>	<b>572,911.0</b>
<b>E. Liabilities</b>		
1. Bonds	110,121,244.44	110,121.2
<i>thereof due within one year</i>	121,244.44	121.2
<i>thereof due after more than one year</i>	110,000,000.00	110,000.0
2. Bank borrowings	641,153,941.97	415,722.6
<i>thereof due within one year</i>	220,664,707.08	6,737.2
<i>thereof due after more than one year</i>	420,489,234.89	408,985.4
3. Advances received on orders	21,764.00	0.0
<i>thereof due within one year</i>	21,764.00	0.0
4. Trade payables	90,733,036.19	44,569.1
<i>thereof due within one year</i>	90,204,016.19	44,040.1
<i>thereof due after more than one year</i>	529,020.00	529.0
5. Payables to affiliates	13,017,319.12	42,221.9
<i>thereof due within one year</i>	13,017,319.12	42,221.9
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,053,624.75	620.2
<i>thereof due within one year</i>	1,053,624.75	620.2
7. Other liabilities	183,810,103.55	170,910.9
<i>thereof due within one year</i>	165,545,430.99	73,689.5
<i>thereof due after more than one year</i>	18,264,672.56	97,221.4
<i>thereof taxes</i>	39,803,615.78	30,307.3
<i>thereof for social security</i>	2,470,870.98	2,393.8
	<b>1,039,911,034.02</b>	<b>784,165.9</b>
<b>F. Accruals and deferred income</b>	<b>46,527,853.36</b>	<b>49,438.4</b>
<b>TOTAL Equity and liabilities</b>	<b>3,380,084,523.22</b>	<b>3,057,364.7</b>

## INCOME STATEMENT

1.	Sales revenue
2.	Change in finished products and work in progress and in services rendered, not yet chargeable
3.	Other own work capitalized
4.	Other operating income
	a) Income from disposal and write-up of non-current assets, except for financial assets
	b) Income from reversal of provisions
	c) Sundry
5.	Cost of materials and other services purchased
	a) Cost of materials
	b) Costs of services purchased
6.	Personnel expenses
	a) Wages
	Salaries
	b) Social benefits
	<i>thereof expenses for old-age provision</i>
	aa) Expenses for severance pay and contributions to Severance Pay and Pension Funds
	bb) Statutory social security contributions and payroll taxes and compulsory contributions
7.	Depreciation and amortization
	a) of intangible non-current assets and property, plant and equipment
	<i>thereof write-downs of non-current assets</i>
8.	Other operating expenses
	a) Taxes, other than taxes stated in line 18
	b) Sundry
<b>9.</b>	<b>Subtotal lines 1 to 8 (operating result)</b>
10.	Income from investments
	<i>thereof from affiliates</i>
11.	Income from other securities and loans held as financial assets
	<i>thereof from affiliates</i>
12.	Other interest and similar income
	<i>thereof from affiliates</i>
	<i>thereof interest portion of social capital</i>
13.	Income from disposal and write-up of financial assets and securities held as current assets
14.	Expenses for financial assets and securities held as current assets
	<i>thereof write-downs</i>
	<i>thereof expenses for affiliates</i>
15.	Interest and similar expenses
	<i>thereof interest portion of social capital</i>
<b>16.</b>	<b>Subtotal lines 10 to 15 (financial result)</b>
<b>17.</b>	<b>Profit before taxes</b>
18.	Income taxes
<b>19.</b>	<b>Profit or loss after taxes = profit for the year</b>
20.	Allocation to retained earnings
21.	Profit carried forward from previous year
<b>22.</b>	<b>TOTAL Net profit for the year</b>

	2021 EUR	2020 kEUR
	<b>1,192,766,804.12</b>	<b>853,148.9</b>
	<b>45,737.85</b>	<b>52.2</b>
	<b>26,857,942.40</b>	<b>25,803.0</b>
	3,430,144.22	2,397.8
	7,379,664.91	7,560.8
	7,245,412.24	2,290.1
	<b>18,055,221.37</b>	<b>12,248.7</b>
	-851,672,718.63	-521,052.4
	-495,542.23	-409.8
	<b>-852,168,260.86</b>	<b>-521,462.2</b>
	-7,310,968.18	-7,260.2
	-92,027,848.05	-93,324.4
	-99,338,816.23	-100,584.6
	-48,694,316.42	-37,770.0
	-19,192,509.39	-12,530.1
	-4,835,645.53	-1,104.9
	-23,684,614.49	-23,255.4
	<b>-148,033,132.65</b>	<b>-138,354.6</b>
	<b>-72,081,003.33</b>	<b>-70,832.2</b>
	-842,950.91	-3,928.4
	-617,325.84	-682.7
	-64,711,973.04	-70,820.7
	<b>-65,329,298.88</b>	<b>-71,503.4</b>
	<b>100,114,010.02</b>	<b>89,100.4</b>
	42,981,137.67	50,353.7
	3,913,978.25	13,991.5
	2,654,521.85	2,712.3
	2,265,757.08	2,448.1
	23,227,463.68	1,727.9
	13,460.92	17.8
	21,392,291.35	0.0
	22,800,000.00	44,217.0
	-599,231.21	-6,006.8
	-60,975.00	-4,406.0
	-538,256.21	-536.7
	-16,449,151.83	-88,645.3
	-787,662.08	-75,708.4
	<b>74,614,740.16</b>	<b>4,358.8</b>
	<b>174,728,750.18</b>	<b>93,459.2</b>
	-32,272,375.66	-4,593.4
	<b>142,456,374.52</b>	<b>88,865.8</b>
	-111,400,000.00	-54,000.0
	280,418.35	414.6
	<b>31,336,792.87</b>	<b>35,280.4</b>

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2021

Consolidated assets	Dec 31, 2021 EUR	Dec 31, 2020 kEUR
<b>A. Non-current assets</b>		
<b>I. Intangible assets</b>		
1. Licenses, industrial property rights and similar rights and benefits including licenses derived therefrom	6,001,380.98	6,873.5
2. Goodwill	1,828,333.73	2,257.0
3. Advances made	1,897,196.90	1,929.6
	<b>9,726,911.61</b>	<b>11,060.1</b>
<b>II. Property, plant and equipment</b>		
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	583,376,362.16	590,385.5
2. Machinery and electrical plants	279,396,434.80	259,703.8
3. Line systems	735,686,001.26	703,828.8
4. Other plant, furniture and fixtures	11,195,685.67	10,784.6
5. Advances made and construction in progress	933,208,358.83	749,391.1
	<b>2,542,862,842.72</b>	<b>2,314,093.8</b>
<b>III. Financial assets</b>		
1. Shares in affiliates	1,389,719.20	1,339.7
2. Investments in associates	131,918,422.24	129,090.1
3. Investments	406,962,694.36	394,162.7
4. Investment securities (book-entry securities)	50,839,164.80	50,900.1
5. Other loans	44,544,569.03	18,760.2
	<b>635,654,569.63</b>	<b>594,252.8</b>
<b>Consolidated non-current assets</b>	<b>3,188,244,323.96</b>	<b>2,919,406.7</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials and supplies	3,884,245.11	3,034.5
2. Finished goods and products	2,574,570.31	2,714.5
3. Services not yet chargeable	716,935.34	827.5
	<b>7,175,750.76</b>	<b>6,576.5</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables	239,087,952.55	130,428.6
<i>thereof due after more than one year</i>	5,921,214.79	5,709.6
2. Receivables from affiliates	261,054.29	270.4
3. Receivables from undertakings with which the company is linked by virtue of participating interests	8,494,426.74	8,442.7
4. Other receivables and assets	151,139,240.94	141,299.5
<i>thereof due after more than one year</i>	87,457,798.30	95,408.5
	<b>398,982,674.52</b>	<b>280,441.2</b>
<b>III. Cash in hand and at bank, checks</b>	<b>58,267,175.79</b>	<b>36,505.5</b>
<b>Consolidated current assets</b>	<b>464,425,601.07</b>	<b>323,523.2</b>
<b>C. Prepayments and accrued income</b>	<b>4,023,015.09</b>	<b>4,303.2</b>
<b>D. Deferred tax assets</b>	<b>10,031,350.89</b>	<b>19,456.0</b>
<b>TOTAL Consolidated assets</b>	<b>3,666,724,291.01</b>	<b>3,266,689.1</b>

Consolidated equity and liabilities	Dec 31, 2021 EUR	Dec 31, 2020 kEUR
<b>A. Shareholders' equity</b>		
<b>I. Share capital</b>	<b>300,000,000.00</b>	<b>300,000.0</b>
<b>II. Capital reserves</b>	<b>500,000.00</b>	<b>500.0</b>
<b>III. Retained earnings</b>	<b>1,116,569,441.76</b>	<b>1,087,824.2</b>
<b>IV. Consolidated profit for the year</b>	<b>146,361,715.60</b>	<b>63,745.2</b>
<b>V. Shares of other shareholders</b>	<b>44,909,364.38</b>	<b>46,082.5</b>
<b>Consolidated equity</b>	<b>1,608,340,521.74</b>	<b>1,498,151.9</b>
<b>B. Investment grants from public funds</b>	<b>26,238,940.99</b>	<b>22,889.6</b>
<b>C. Contributions to construction costs and grants</b>	<b>293,871,599.86</b>	<b>287,278.3</b>
<b>D. Provisions</b>		
1. Provisions for severance pay	67,986,147.50	71,754.1
2. Provisions for pensions	129,006,526.97	142,507.7
3. Tax provisions	120.00	144.0
4. Other provisions	369,781,849.40	391,906.5
	<b>566,774,643.87</b>	<b>606,312.3</b>
<b>E. Liabilities</b>		
1. Bonds	110,121,244.44	110,121.2
<i>thereof due within one year</i>	121,244.44	121.2
<i>thereof due after more than one year</i>	110,000,000.00	110,000.0
2. Bank borrowings	646,510,992.07	415,723.2
<i>thereof due within one year</i>	226,021,757.18	6,737.8
<i>thereof due after more than one year</i>	420,489,234.89	408,985.4
3. Advances received on orders	4,607,036.36	4,603.7
<i>thereof due within one year</i>	4,607,036.36	4,603.7
4. Trade payables	162,819,547.75	85,690.6
<i>thereof due within one year</i>	162,290,527.75	85,161.6
<i>thereof due after more than one year</i>	529,020.00	529.0
5. Payables to affiliates	828,562.56	781.9
<i>thereof due within one year</i>	828,562.56	781.9
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,058,231.50	1,376.5
<i>thereof due within one year</i>	1,058,231.50	1,376.5
7. Other liabilities	198,776,037.84	182,711.0
<i>thereof due within one year</i>	180,511,365.28	85,489.6
<i>thereof due after more than one year</i>	18,264,672.56	97,221.4
<i>thereof taxes</i>	42,809,012.84	33,009.9
<i>thereof for social security</i>	2,718,084.70	2,594.4
	<b>1,124,721,652.52</b>	<b>801,008.1</b>
<b>F. Accruals and deferred income</b>	<b>46,776,932.03</b>	<b>51,048.9</b>
<b>TOTAL Consolidated equity and liabilities</b>	<b>3,666,724,291.01</b>	<b>3,266,689.1</b>

## CONSOLIDATED INCOME STATEMENT

1. Sales revenue
2. Change in finished products and work in progress and in services rendered, not yet chargeable
3. Other own work capitalized
4. Other operating income
a) Income from disposal and write-up of non-current assets, except for financial assets
b) Income from reversal of provisions
c) Sundry
5. Cost of materials and other services purchased
6. Personnel expenses
a) Wages
b) Salaries
c) Social benefits
<i>thereof expenses for old-age provision</i>
aa) Expenses for severance pay and contributions to Severance Pay and Pension Funds
bb) Statutory social security contributions and payroll taxes and compulsory contributions
7. Depreciation and amortization
a) of intangible non-current assets and property, plant and equipment
<i>thereof write-downs of non-current assets</i>
8. Other operating expenses
a) Taxes, other than taxes stated in line 19
b) Sundry
<b>9. Subtotal lines 1 to 8 (consolidated operating result)</b>
10. Income from investments
<i>thereof from affiliates</i>
11. Income from other securities and loans held as financial assets
12. Other interest and similar income
13. Income from disposal and write-up of financial assets and securities held as current assets
14. Expenses for financial assets and securities held as current assets
<i>thereof write-downs</i>
15. Profit or loss from associated companies
16. Interest and similar expenses
<b>17. Subtotal lines 10 to 16 (consolidated financial result)</b>
<b>18. Consolidated profit before taxes</b>
19. Income taxes
<b>20. Consolidated profit or loss after taxes = profit for the year</b>
21. Other shareholders' shares in profit or loss for the year
<b>22. TOTAL Consolidated profit for the year</b>

	2021 EUR	2020 kEUR
	<b>1,586,730,314.95</b>	<b>1,130,428.3</b>
	<b>-87,521.86</b>	<b>57.0</b>
	<b>28,554,137.26</b>	<b>27,637.2</b>
	3,516,919.03	2,415.3
	10,595,428.20	10,143.5
	8,832,422.68	4,093.2
	<b>22,944,769.91</b>	<b>16,652.0</b>
	<b>-1,143,263,576.86</b>	<b>-680,641.5</b>
	-9,505,541.08	-9,202.6
	-98,267,648.78	-99,206.0
	-107,773,189.86	-108,408.6
	-51,246,156.09	-39,272.4
	-19,313,074.57	-11,833.7
	-5,052,042.95	-1,252.5
	-25,800,438.55	-25,218.0
	<b>-159,019,345.95</b>	<b>-147,681.0</b>
	<b>-97,446,947.02</b>	<b>-95,317.2</b>
	-842,950.91	-3,928.4
	-5,339,444.67	-1,507.2
	-113,605,137.44	-118,977.5
	<b>-118,944,582.11</b>	<b>-120,484.7</b>
	<b>119,467,248.32</b>	<b>130,650.1</b>
	28,381,766.26	26,250.1
	244,343.94	261.2
	394,098.73	264.4
	23,560,824.41	1,727.5
	22,800,000.00	3,126.3
	-10,060,975.00	-11,470.1
	-10,060,975.00	-10,406.0
	14,772,799.51	17,878.2
	-16,486,138.04	-89,634.7
	<b>63,362,375.87</b>	<b>-51,858.3</b>
	<b>182,829,624.19</b>	<b>78,791.8</b>
	-35,947,173.74	-11,517.9
	<b>146,882,450.45</b>	<b>67,273.9</b>
	-520,734.85	-3,528.7
	<b>146,361,715.60</b>	<b>63,745.2</b>

## CHANGES IN CONSOLIDATED EQUITY AS AT DECEMBER 31, 2021

	Share capital	Capital reserves	Retained earnings	Consolidated profit for the year	Shares of other shareholders	Totals
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>As at Dec 31, 2019</b>	<b>300,000.0</b>	<b>500.0</b>	<b>990,645.1</b>	<b>102,179.1</b>	<b>44,247.7</b>	<b>1,437,571.9</b>
Group's share in the profit for the year	0.0	0.0	0.0	63,745.2	3,528.7	67,273.9
Distribution	0.0	0.0	-5,000.0	0.0	-1,693.9	-6,693.9
Allocation to retained earnings	0.0	0.0	102,179.1	-102,179.1	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>As at Dec 31, 2020</b>	<b>300,000.0</b>	<b>500.0</b>	<b>1,087,824.2</b>	<b>63,745.2</b>	<b>46,082.5</b>	<b>1,498,151.9</b>
Group's share in the profit for the year	0.0	0.0	0.0	146,361.7	520.7	146,882.4
Distribution	0.0	0.0	-35,000.0	0.0	-1,693.9	-36,693.9
Allocation to retained earnings	0.0	0.0	63,745.2	-63,745.2	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>As at Dec 31, 2021</b>	<b>300,000.0</b>	<b>500.0</b>	<b>1,116,569.4</b>	<b>146,361.7</b>	<b>44,909.4</b>	<b>1,608,340.5</b>

## CONSOLIDATED CASH FLOW STATEMENT

	2021 kEUR	2020 kEUR
<b>Net cash flow from operating activities</b>		
Profit or loss before taxes	182,829.6	78,791.9
+/- Write-downs / write-ups of assets from investing activities	84,784.1	103,268.1
-/+ Gains / losses on disposal of assets from investing activities	216.1	311.9
-/+ Reversal of contributions to construction costs, construction cost grants and investment grants	5,469.5	8,486.5
-/+ Income from investments, income from other securities and loans of financial assets, as well as other interest and similar income / interest and similar expenses	-15,735.7	-13,668.9
+/- Other non-cash expenses / income	-5,996.9	-8,827.7
<b>Net cash flow from the operating result</b>	<b>251,566.7</b>	<b>168,361.6</b>
-/+ Increase / decrease in inventories, trade receivables and other assets	-124,905.4	-17,102.8
+/- Increase / decrease in provisions	-39,393.8	60,973.2
+/- Increase / decrease in trade payables and other liabilities	89,756.2	-10,892.9
<b>Net cash flow from operating activities before taxes</b>	<b>177,023.7</b>	<b>201,339.1</b>
-/+ Payments / credits for income taxes	-18,584.7	-16,789.5
<b>Net cash flow from operating activities</b>	<b>158,439.0</b>	<b>184,549.6</b>
<b>Net cash flow from investing activities</b>		
+ Cash receipts from disposal of assets (excluding financial assets)	1,775.9	3,482.0
+ Cash receipts from disposal of financial assets and other financial investments	293.5	64,369.5
- Payments for additions to assets (excluding financial assets)	-326,950.9	-238,358.4
- Payments for additions to financial assets and other financial investments	-26,127.9	-63,050.6
+ Cash receipts from income from investments, interest and securities	29,750.2	26,594.9
<b>Net cash flow from investing activities</b>	<b>-321,259.2</b>	<b>-206,962.7</b>
<b>Net cash flow from financing activities</b>		
+ Equity received in cash	0.0	0.0
- Equity refunds	0.0	0.0
- Dividends paid	-36,693.9	-6,693.9
+ Cash receipts from issuing bonds and taking out of finance loans	236,068.4	74,000.0
- Payments for redeeming bonds and finance loans	-5,298.0	-22,026.4
+/- Other cash receipts / payments relevant to financing	4,519.9	775.8
- Interest payments and similar expenses	-14,014.6	-12,925.9
<b>Net cash flow from financing activities</b>	<b>184,581.8</b>	<b>33,129.6</b>
<b>Cash change in cash and cash equivalents</b>	<b>21,761.7</b>	<b>10,716.6</b>
Cash and cash equivalents at the beginning of the period	36,505.5	25,788.9
<b>TOTAL Cash and cash equivalents at the end of the period</b>	<b>58,267.2</b>	<b>36,505.5</b>



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Thanks to a well-balanced financing structure, a high equity ratio and stable business operations we will be able to adhere to our investment program for the next few years and will thus contribute to decarbonizing the energy industry and provide an important stimulus for economic activity in Tyrol.

## I. GENERAL

The separate and consolidated financial statements for the fiscal year ended on December 31, 2021 were drawn up in conformity with generally accepted accounting standards as well as in accordance with the accounting rule of providing a true and fair view of the financial position and financial performance of the company, in conformity with the provisions of the Austrian Business Code [*Unternehmensgesetzbuch/UGB*], the supplementary provisions of the Austrian Stock Corporations Act [*Aktiengesetz/AktG*], and the special statutory provisions of the Austrian Electricity Act [*Elektrizitätswirtschafts- und -organisationsgesetz/EIWOG*] as amended from time to time. TIWAG-Tiroler Wasserkraft AG qualifies as a large company within the meaning of Section 221(3) UGB and as a five-times large company within the meaning of Section 271a(1) UGB.

In an effort to avoid duplication of both texts and figures, the notes to the consolidated financial statements were merged with the notes to the separate financial statements.

The previously used form of presentation was continued in preparing the separate and consolidated financial statements, and the income statement was structured as a single-column statement based on the nature of expense method. Balance sheet items have been added for better understanding. The reporting currency is the euro; all prior-year figures are given in thousands of euros (kEUR).

The summation of rounded amounts and percentages may result in rounding differences due to the use of automatic calculators.

## II. ACCOUNTING AND VALUATION PRINCIPLES

### General principles

The separate and consolidated financial statements were drawn up in conformity with generally accepted accounting standards as well as in accordance with the accounting rule of providing a true and fair view of the financial position and financial performance of the company.

The items of the separate and consolidated financial statements were recognized with due consideration of the economic substance of the relevant transactions or arrangements and the principle of materiality in terms

of recognition, valuation, consolidation, presentation and disclosure. The separate and consolidated financial statements were prepared in compliance with the principle of completeness and non-offsetting.

Balance sheet items were measured on a going-concern basis, and assets and liabilities were valued on an item-by-item basis as at the balance sheet date. The principle of prudence was taken into account in particular by recording only profits and gains realized as at the balance sheet date and by taking account of all identifiable risks and impending losses as well as impairments. The principle of continuity in accounting was adhered to. Where values could not be determined other than by estimation, the principle of reliable estimates was complied with.

The accounting and valuation principles applied to the previous separate and consolidated financial statements were consistently maintained, except in the case of accounting for pension commitments outsourced under defined benefit pension plans. For those outsourced retirement benefit obligations, instead of the net obligation recognized until the end of 2020 (so-called old provision) resulting from the balance of total pension obligations less the assets managed by the pension fund, starting from fiscal 2021 the provision (so-called new provision) was calculated and accounted for as the present value of the company's anticipated future contributions for prior periods or special contributions to the pension fund. When calculating the new provision, a future yield of the pension fund of 1.25% p.a. was assumed taking the principle of prudence into account, and for calculating the obligation to make contributions for prior periods the market rate for enterprises with top credit ratings as at December 31, 2021 was used as before. As at January 1, 2021 the difference resulting from the change in the valuation method, which was fully recognized through profit or loss, amounted to EUR 84.3 million. The change in the provision from initial accounting for the expected pension fund yield was recognized as personnel expenses, while the change in the provision resulting from the change in the actuarial interest rate will still be presented under the financial result.

### Intangible assets

Intangible non-current assets that were acquired for consideration are measured at cost and, provided they are amortizable, factoring in amortization. Amortization is linear; a period of 10 to 20 years is set as the basis for the estimated useful life of electricity procurement rights, rights of shared use of radio relay and transmission systems, and easements. A period of 3 to 5 years

applies to IT programs and patents. Goodwill the useful life of which cannot be reliably estimated is amortized on a straight-line basis over a ten-year period. Where an asset is expected to be impaired on a lasting basis, its value will be written down to the lower fair value as at the balance sheet date. In the reporting year, the separate financial statements included write-downs in the amount of EUR 0.00 (prior year: kEUR 3,197.8).

### Property, plant and equipment

Property, plant and equipment which is designated to serve business operation purposes on a lasting basis and the useful life of which is limited is measured at cost less depreciation. Cost comprises both direct cost and overhead or indirect cost; there was no need for eliminating excessive indirect cost due to obvious unabsorbed overhead. Expenses for voluntary social contributions, for occupational old-age pensions and severance pay were included in cost, and no directly attributable interest on borrowed capital was recorded.

Property, plant and equipment is depreciated on a straight-line basis over a period of 4 to 66.7 years from the date of putting into operation. As in the previous year, the balance sheet for tax purposes reflects the fact that the company availed itself of the temporarily available opportunity of accelerated depreciation (diminishing balance method) (Section 7(1a) and Section 8(1a) of the Austrian Personal Income Tax Act [*Einkommensteuergesetz/ESTG*]), with the respective differences being recorded as deferred taxes. Additions made in the first six months of the year are subject to full-year depreciation, additions made in the second six months to half-year depreciation. No residual value is recognized in calculating depreciation.

The span of estimated useful life in the different asset categories is as follows:

Buildings:	10 (huts) to 66.7 years
Water structures:	33 $\frac{1}{3}$ to 50 years
Machinery and electrical plants:	10 to 35 years
Line systems:	10 to 40 years
Other fixtures, fittings, tools and office equipment:	4 to 10 years
Low-value assets:	4 to 5 years

Useful lives are based on the “Useful Lives in the Energy Sector” approved by decree of the Federal Ministry of Finance. In fiscal 2021, the useful lives adapted on the basis of the revised “Useful Lives in the Energy Sector” were adopted for newly acquired non-current assets. Low-value non-current assets of a negligible amount were recognized and fully depreciated in the year of acquisition (Section 204(1a) UGB). The option of immediate depreciation is exercised only if it does not run counter to the general principle of presenting fairly, in all material respects, the company’s financial position and financial performance. Where property, plant and equipment is expected to be impaired on a lasting basis, its value will be written down to its lower fair value as at the balance sheet date.

In the reporting year, the separate financial statements included write-downs in the amount of EUR 842,950.91 (prior year: kEUR 730.6) and the consolidated financial statements in the amount of EUR 842,950.91 (prior year: kEUR 3,928.4). Where the reasons for write-downs due to impairment no longer apply, the amount of such write-down will be written up in the extent in which the value of the asset has increased, with due consideration of any depreciation that would have been necessary in the meantime, with depreciated cost of acquisition or production forming the upper limit.

#### Financial assets

Shares in affiliates and investments which serve business operation purposes on a lasting basis and the useful life of which is not limited are recognized at the lower of cost or fair value. Impairments that are merely temporary are not recognized. If it turns out that the reasons for a write-down due to impairment no longer apply, the write-down will be reversed in the extent in which the value has increased. In the reporting year, the separate financial statements included write-ups in the amount of EUR 22,800,000.00 (prior year: kEUR 43,635.0) and the consolidated financial statements in the amount of EUR 22,800,000.00 (prior year: kEUR 2,544.0).

Investment securities and book-entry securities which serve business operation purposes on a lasting basis are recognized at cost.

At the balance sheet date, the lower fair value is recognized. Impairments that are merely temporary are not recognized. Listed stocks are written down if their fair value is less than the weighted average price. Receivables from the provision of capital to third parties with a remaining term of more than one year are recognized as loans under financial assets and measured at their nominal amount. Loans bearing low interest or no interest at all are discounted and recognized at their present value.

#### Inventories

Raw materials and supplies as well as finished goods and products not designated as serving business operation purposes on a lasting basis are measured at cost, applying the lower-of-cost-or-market principle. Similar inventory items are grouped together and recognized based on the average value method.

If, as at the balance sheet date, the value derived from the stock market price or market price is lower, they will be written down to that value. Inventory risks arising from length of storage or obsolescence are taken account of in the form of appropriate reductions in value.

Services not yet chargeable are recorded at cost. Part of the voluntary social security contributions is included in the calculation of cost. Directly attributable interest on borrowed capital is not recognized. In the case of contracts that will take longer than twelve months to complete, no commensurate parts of the respective administration and distribution costs are recognized in the current fiscal year. If, from an economic point of view, a contracted activity has been completed for the customer, the amount will be recognized as an account receivable.

#### Receivables and other assets

Receivables and other assets are recognized at cost (nominal amount) as at the time of unilateral acceptance of contractual obligation. Trade receivables comprise accrued energy supply and grid services not yet metered at the balance sheet date. Estimated consumption, distribution of volumes (seasonality) and current pricing information provide the basis for calculating and recognizing accruals and deferrals for each customer to one-day accuracy.

At the balance sheet date, the fair value is determined, i.e. the amount that can be reasonably expected to be obtained based on an entrepreneurial assessment, and, if specific risks can be identified, an impairment loss (write-down) will be recognized.

Receivables in foreign currencies are measured at the lower of the exchange rate prevailing at the time of acquisition or the bid price as at the balance sheet date.

#### Cash in hand and at bank, checks

Along with liquid funds in the narrowest sense, i.e. checks, cash in hand and at bank, cash also includes short-term investments that can be converted into cash amounts at any time. Cash and cash equivalents are recognized at nominal value. Foreign currencies holdings are measured at the lower of the exchange rate prevailing upon acquisition or the bid price as at the balance sheet date.

#### Prepayments and accrued income

Prepayments and accrued income include expenditure incurred before the balance sheet date to the extent it represents expenses attributable to a specific period after the said date.

#### Current and deferred income taxes

The subsidiaries TIGAS-Erdgas Tirol GmbH, TINETZ-Tiroler Netze GmbH, Achenseeschiffahrt-GmbH, TIWAG-Next Energy Solutions GmbH (formerly: Stadtwärme Lienz Produktions- und Vertriebs-GmbH), and Ökoenergie Tirol GmbH are integrated into a group taxation model with TIWAG-Tiroler Wasserkraft AG being the group leader. In addition, Bioenergie Kufstein GmbH was included in group taxation via a shareholding consortium. The profit or loss of the group members under tax law is attributed to the group parent which, subsequently, pays group-wide corporate income tax [*KöSt*] to the tax authority. With regard to tax allocation, profit and loss transfer agreements have been concluded with TINETZ-Tiroler Netze GmbH, Achenseeschiffahrt-GmbH, Ökoenergie Tirol GmbH, and TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH; for the remaining companies, taxes are allocated in accordance with the stand-alone method.

Deferred taxes are accounted for using the temporary difference approach. In the event of a future tax burden, the differences between the valuations of assets,

provisions, liabilities, and deferrals and accruals under corporate law and tax law are recognized as deferred tax liabilities and, in the event of a future tax relief, as deferred tax assets. Deferred tax assets resulting from tax loss carryforwards are not recognized. Upon initial recognition of goodwill, no deferred taxes will be taken into account.

The differences are measured based on expected tax burdens and reliefs for subsequent fiscal years calculated with sufficient probability, and a corporate income tax rate of 25%. Article 2 No. 3(a) of the Austrian Eco-Social Tax Reform Act [*Ökosoziiales Steuerreformgesetz/ÖkoStRefG*] 2022, which was promulgated in BGBl. [*Federal Law Gazette*] I 10/2022 on February 14, 2022, provides that the corporate income tax rate for the calendar year 2023 is 24% and 23% for calendar years as of 2024. Taking a corporate income tax rate of 23% into account, the deferred tax assets would be reduced by EUR 2.1 million (consolidated EUR 2.3 million) compared to the corporate income tax rate of 25% actually recognized. As tax liabilities or tax assets are with one and the same tax authority, deferred tax assets and liabilities are offset. Difference amounts are not discounted. Changes in recognized deferred taxes are shown separately in the income statement under 'Income taxes'. The differences between measures of assets, liabilities, and accruals and deferrals under business law and tax law give rise to a tax relief of EUR 10,197,229.09 (prior year: kEUR 19,206.0) in the reporting year.

#### Investment grants

Non-refundable investment grants received from public coffers are shown in a special line item on the equity and liabilities side of the balance sheet and are measured at fair value. This item is reversed starting from the date the relevant assets are put into operation, based on the useful life in accounting terms of the assets for which the grant was given. The grants claimed under the covid-19 investment premium scheme are treated as non-refundable grants received from public coffers and are recorded as a special deferred income item on the equity and liabilities side of the balance sheet. For all assets for which funding had been firmly committed by the balance sheet date and which had already been acquired or produced, we recognized an investment premium on the equity and liabilities side and a receivable from the grant provider in the same amount on the assets side.

### Contributions to construction costs

This separate line item on the equity and liabilities side shows the connection charges levied and construction cost contributions and grants received, which are reversed in line with the contract term or period of use of the assets for which they were paid. Contributions to construction costs made by subscribers from the fiscal year 2000 onwards are reversed over a period of 20 years. As of the fiscal year 2007, the contributions to construction costs collected by TINETZ-Tiroler Netze GmbH have been passed on to TIWAG as the group parent, since TIWAG is obligated to make the investments under the existing lease contract. The amounts reversed are shown in sales revenue.

### Provisions

Provisions for severance pay were calculated based on actuarial principles, using the projected unit credit method and applying the principles for the calculation of pension insurance (“AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung”). Entitlement to severance pay is based on the collective bargaining agreement for energy supply companies in Austria. Calculations are made in conformity with the statutory transitional provisions as set out in the Austrian Budget Implementation Act 2011 [*Budgetbegleitgesetz/BudBG 2011*] and the Federal Constitutional Law on Age Limits (BVG-Altersgrenzen, BGBl. 832/1992). A 2.7% (prior year: 2%) adjustment for inflation and an actuarial interest rate based on the yields of senior fixed-income corporate bonds of 0.45% p.a. as at the balance sheet date (prior year: -0.01%) were applied in measuring severance payment obligations. The earlier of actuarial retirement age and 25<sup>th</sup> year of service was applied as the end of the financing obligation. No discount for staff turnover was recognized. The average remaining term of existing arrangements (duration) was estimated at 8.09 years (prior year: 8.35 years).

Changes in severance pay provisions are recognized as personnel expenses under ‘Expenses for severance pay’, and ‘Interest expense’.

For all employment relationships starting after December 31, 2002, the employer pays, on a monthly basis, 1.53% of the wage or salary into a Severance Pay and Pension Fund, which invests the relevant amounts in an account for each employee.

Guidelines and employer/works council agreements provide for an obligation, under certain circumstances, to make payments to employees or their surviving dependents under old-age pension or surviving dependents benefits plans. The amounts recognized as pension provisions were calculated in accordance with actuarial principles and applying the principles for the calculation of pension insurance (“AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung”). With direct obligations, the overall pension obligation for current pensions is calculated as the present value of future pension payments, and for vested claims the amount is determined using the projected unit credit method. A pension trend value of 2.2% (prior year: 1.5% to 2.5%) was used in calculating expected pension payments; no discount for staff turnover was recognized. The calculated amount was discounted using an actuarial interest rate based on the yields of senior fixed-income corporate bonds of 0.32% p.a. as at the balance sheet date (prior year: -0.01% p.a.). The average remaining terms (durations) were assumed at 7.53 years (prior year: 6.34 years). Changes were recognized as personnel expenses under ‘Expenses for old-age provision’, and ‘Interest expense’.

Provisions for pension commitments outsourced to a defined benefit pension plan were not accounted for as the balance between the total pension obligation and the assets held by the pension fund as before, but for the first time they were recognized at the company’s anticipated future contributions for prior periods or special contributions to the pension fund. The projected unit credit method was used as the financing method for the payment obligations.

A pension trend value of 2.2% or 3.2% (prior year: 1.5% or 2.5%), depending on the bylaws, was used in calculating expected pension payments; no fluctuation discount was recognized. An actuarial interest rate based on the yields of senior fixed-income corporate bonds of 0.97% p.a. as at the balance sheet date (prior year: 0.41%) was applied for measurement and a rate of 1.25% was used to recognize the expected pension fund yield for the first time for fiscal 2021. With regard to outsourced pension obligations, the average remaining terms (durations) were estimated at 16.15 years (prior year: 14.55 years). Changes were recognized as personnel expenses and the option of recognizing interest charges and expenses due to the change in the actuarial interest rate in the financial result was exercised.

Provisions for anniversary bonuses are recognized for employees who, until the estimated end of term of their employment, will have accumulated the years of service necessary to claim such bonuses. The amount of anniversary bonus is set out in the collective bargaining agreements.

Provisions for anniversary bonuses are determined based on actuarial principles. Calculations are based on the transitional provisions as set out in the Budget Implementation Act 2011 and the Federal Constitutional Law on Age Limits (BGBl. 832/1992). A 2.7% adjustment for inflation (prior year: 2.0%) and an actuarial interest based on the yields of senior fixed-income corporate bonds of 0.62% (prior year: 0.07%) as at the balance sheet date were applied in measuring anniversary bonuses. The average remaining term of existing arrangements (duration) was estimated at 9.48 years (prior year: 9.28 years).

Changes in the provisions for anniversary bonuses were recognized as personnel expenses under expenses for wages and salaries, and in the financial result.

Provisions for payments of benefits in kind are calculated based on actuarial principles and using the principles for the calculation of pension insurance "AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung". An actuarial interest rate based on the yields of senior fixed-income corporate bonds of 1.00% p.a. (prior year: 0.46%) as at the balance sheet date was applied in discounting. No fluctuation is recognized. The average remaining term of existing arrangements (duration) was estimated at 16.25 years (prior year: 16.18 years). Changes in the provision were recognized as expenses for pensions and in the financial result.

As for the measurement of other provisions, all identifiable risks were taken into account and assessed at a settlement value based on the best possible estimate taking into account expected future increases in prices and costs. Provisions with a remaining term of more than one year are discounted using an adequate interest rate. The remaining term is the period between the balance sheet date and the time such provision is expected to be used. The effects resulting from a change in discount rate or estimated remaining term are shown in the financial result.

### Liabilities

Liabilities are recognized with their agreed settlement amount, i.e. the amount that has to be made available to redeem a liability. If the settlement amount is higher at the balance sheet date, this amount will be recognized under the higher of cost or market principle. Pension obligations are recognized at the present value of future payments.

If the settlement amount for a liability is higher, at the time of its recognition, than the amount actually paid out, the difference is added to deferred expense on a mandatory basis and reported separately. This amount will be distributed over the facility's term and recognized on an accrual basis under interest expense. Foreign currency liabilities are measured at the higher of cost upon initial recognition or exchange rate at the balance sheet date. Major foreign currency exposures are hedged through corresponding hedging transactions. Where currency, maturity and amount match and the hedge is deemed effective, the hedging relationship is accounted for in a combined unit of measurement.

### Accruals and deferred income

Accruals and deferred income show income received before the balance sheet date to the extent it represents income attributable to a specific period after the said date. This item also includes amounts relating to impairment loss reversal reserves under tax law which were set up after December 31, 2015.

### Cross border leases

In the fiscal years 2001, 2002, and 2003, several cross-border lease transactions were concluded; those for a part of the Sellrain-Silz group of power stations continue to apply.

Under those lease transactions, rights of use regarding certain assets (power stations) are granted to US trusts, while these assets are leased back simultaneously. The trusts are set up for the benefit of institutional investors resident in the USA. Legal ownership of the assets remains unchanged under Austrian law.

The total net present value benefit of the still existing transactions hereunder amounted to EUR 46.1 million (prior year: EUR 46.1 million). The inflow resulting therefrom has been recorded on the balance sheet as deferred income. It will be reversed over the term of the underlying lease contracts.

As the closing date payment received was used to make payments under the payment undertaking agreements and provides sufficient funds to pay all scheduled obligations under the lease, the transaction does not give rise to either assets or liabilities on the part of TIWAG-Tiroler Wasserkraft AG if one applies a substance over form approach. Consequently, there is no interest income or interest expense attributable to TIWAG-Tiroler Wasserkraft AG either. Upon conclusion of these cross-border lease transactions, payment undertaking agreements and agreements on hedging instruments had been concluded with financial institutions with excellent credit ratings.

#### Derivative financial instruments

TIWAG-Tiroler Wasserkraft AG uses derivative financial instruments for hedging purposes, combining each of them with the hedged underlying transaction to form a single unit of measurement, provided the relevant requirements are met. More specifically, derivative financial instruments (commodity forwards) are used in the energy sector to market the energy to be produced from hydropower and to cover the gap between own physical hydropower generation and customers' electricity demand. A book structure is used to differentiate between different types of commodity forwards.

Under this system, derivative financial instruments are recognized as such when the forwards are allocated to the "business on own account" book. "Business on own account" is considered a separate portfolio, which includes arbitrage transactions and transactions concluded for speculative purposes. As at the balance sheet date, the "business on own account" book is measured at fair value. The valuation amount resulting from the offsetting of negative and positive changes in value is measured based on the imparity principle. If the result is negative, a provision for contingent losses is reported. Commodity derivatives which serve the purpose of structured procurement and marketing are allocated to the "own use" book. In this case, the definition of derivative financial instruments does not apply; such transactions are recognized, measured and reported based on the general accounting principles for contingencies.

Where the balance of all the fair values of the underlying and hedging transactions of the respective unit of measurement is positive, it will not be reported.

Short-term contracts concluded on the spot markets (over the counter/OTC or electricity exchanges) to avoid differences between planned electricity supply and available energy volumes are not counted as derivative financial instruments, as they lack the characteristics of futures contracts.

### III. CONSOLIDATED GROUP

The consolidated financial statements of TIWAG-Tiroler Wasserkraft AG for the fiscal year ending on December 31, 2021 were prepared in compliance with Sections 244 to 267 UGB as amended and effective at the balance sheet date.

The consolidated group was defined based on the provisions of Sections 247 and 249 UGB. As at December 31, 2021, seven Austrian, including TIWAG-Tiroler Wasserkraft AG as parent company, and two foreign subsidiaries (prior year: seven Austrian and two foreign subsidiaries), were included in the consolidated financial statements as fully consolidated companies. Two subsidiaries (prior year: 2) were not included in the consolidated financial statements for lack of materiality and were shown under 'Shares in affiliates'.

The following subsidiaries are included in the consolidated financial statements by way of full consolidation:

- TINETZ-Tiroler Netze GmbH
- TIGAS-Erdgas Tirol GmbH
- Achenseeschiffahrt-GmbH
- Gemeinschaftskraftwerk Inn GmbH
- Ökoenergie Tirol GmbH
- TIWAG-Next Energy Solutions GmbH (formerly: Stadtwärme Lienz Produktions- und Vertriebs-GmbH)
- TIWAG-Italia GmbH (in liquidation), and
- SELGAS GmbH

Four associated companies are included based on the equity method (prior year: 4). TIWAG's equity investment in Innsbrucker Kommunalbetriebe Aktiengesellschaft (IKB AG) as well as TIGAS's equity investment in Südtirolgas AG are included as associated companies pursuant to Section 263(1) UGB. Two (prior year: 2) companies have not been included as associated companies for lack of materiality pursuant to Section 263(2) UGB.

The companies not fully consolidated for lack of materiality pursuant to Section 249(2) UGB and not measured using the equity method pursuant to Section 263(2) UGB present the following ratios:

	Not fully consolidated (Section 249(2) UGB) in relation to the group (in %)	Not measured at equity (Section 263(2) UGB) in relation to the group (in %)
Non-current assets	0.05	0.14
Current assets	0.25	0.26
Shareholders' equity	0.13	0.13
Debts	0.04	0.17
Sales revenue	0.18	0.33
Profit or loss for the year	0.17	0.38

#### IV. CONSOLIDATION PRINCIPLES

The consolidated financial statements and the annual financial statements of the companies included in the consolidated financial statements were prepared as at December 31, 2021.

##### Fully consolidated subsidiaries

The separate financial statements of the subsidiaries included in the consolidated financial statements of TIWAG-Tiroler Wasserkraft AG were prepared in accordance with the applicable laws and regulations and applicable accounting and measurement standards. Reconciliations (balance sheet no. II adjusted for consolidation purposes) were made as far as necessary.

The carrying amount method was used for initial consolidation of those subsidiaries that were included in the consolidated financial statements before January 1, 2016 (Section 906(35) UGB). Subsidiaries that were included in the consolidated financial statements after January 1, 2016 were measured based on their fair value. The capital of subsidiaries was offset as at the time of acquisition of the shares or the time of initial consolidation.

A balancing item for the shares of other shareholders is reported separately under consolidated equity.

### Associated companies

Material investments in associated companies are shown separately in the consolidated balance sheet. Upon initial recognition, the shares in associated companies were recognized at their carrying amounts.

The effective date for the inclusion of Innsbrucker Kommunalbetriebe AG (IKB) based on the carrying amount method was December 31, 2002 for the share purchased in 2002, and December 31, 2006 for the share purchased in 2006. Because of the contractual situation, the separate financial statements of the associated company are used as a basis for using the equity method.

The amounts calculated upon initial consolidation will be increased or decreased accordingly in subsequent years by the amount of proportional changes in equity. The profit distributions attributable to each investment are deducted.

Consolidation of debt is effected by offsetting mutual receivables, loans, provisions, and payables, as well as mutual contingent liabilities. In line with the principle of materiality, no intra-group profits or losses had to be eliminated between the companies included in the consolidated financial statements. In the course of the consolidation of expenses and income, intra-group expenses and income were eliminated in accordance with the principle of materiality.

## V. NOTES TO THE BALANCE SHEET (SEPARATE FINANCIAL STATEMENTS)

### Intangible assets

Intangible assets in the amount of EUR 487,911,865.12 (prior year: kEUR 461,528.4) mainly include electricity procurement rights, IT programs, goodwill and similar rights. Goodwill accounted for EUR 734,456.48 (prior year: kEUR 944.3). Amortization in the reporting period amounted to EUR 1,916,982.01 (prior year: kEUR 5,148.8), of which EUR 0.00 (prior year: kEUR 3,197.8) are attributable to write-downs.

### Property, plant and equipment

Of the additions to property, plant and equipment EUR 182,334,285.27 (prior year: kEUR 94,864.9) can be attributed to generation, EUR 61,216,583.48 (prior year: kEUR 54,367.2) to transformation and distribution, EUR 6,997,072.04 (prior year: kEUR 7,215.1) to smart counters and meters, and EUR 5,752,042.64 (prior year: kEUR 4,307.4) to administration and other items. The loss on disposal of property, plant and equipment amounts to EUR 363,449.25 (prior year: kEUR 215.6), of which EUR 11,667.18 (prior year: kEUR 39.1) come from sales. The gain on the sale of non-current assets amounts to EUR 1,556,325.63 (prior year: kEUR 535.4). The item 'Land, rights equivalent to land and buildings, including buildings on land owned by others' includes land valued at EUR 55,146,254.09 (prior year: kEUR 54,176.8).

As at the balance sheet date, no major obligations existed from the use of property, plant and equipment under lease contracts not shown on the balance sheet.

For a detailed breakdown of non-current assets and related changes in the course of the reporting period, please refer to the non-current assets movement schedule.

### Financial assets

Year-on-year, the carrying amount of financial assets increased by a total of EUR 38,940,072.37 to EUR 1,067,692,232.08 (prior year: kEUR 1,028,752.2). The statement of investments provides an overview of shares held, equity and profit or loss of the last fiscal year for which financial statements are available; a detailed breakdown of financial assets including reversals of impairment losses in the reporting year is provided in item III. of the non-current assets movement schedule.

Loans totaling EUR 424,724.81 (prior year: kEUR 437.2) will become due within one year. Investment securities of a carrying amount of EUR 50,000,000.00 (prior year: kEUR 50,000.0) are being used to cover pension provisions.

DISCLOSURES ON INVESTMENTS AS DEFINED IN SECTION 238(1) NO. 4  
OF THE AUSTRIAN BUSINESS CODE [UGB] (STATEMENT OF INVESTMENTS)

Company	Business Register Number	Nominal capital as at Dec 31, 2021	
<b>Shares in affiliates</b>			
1. TIGAS-Erdgas Tirol GmbH, Innsbruck <sup>3) 8)</sup>	FN 33547 i	EUR	65,915,000.00
2. Achenseeschiffahrt-GmbH, Eben <sup>3) 4) 8)</sup>	FN 40405 w	EUR	37,000.00
3. Ökoenergie Tirol GmbH, Innsbruck <sup>3) 7) 8)</sup>	FN 45176 k	EUR	38,000.00
4. TINETZ-Tiroler Netze GmbH, Innsbruck <sup>3) 4) 8)</sup>	FN 216507 v	EUR	500,000.00
5. TIWAG-Italia GmbH i. L., Bolzano <sup>3) 10)</sup>	02359610215	EUR	90,000.00
6. TIWAG Beteiligungs GmbH, Innsbruck	FN 238803 g	EUR	100,000.00
7. TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, Haiming <sup>7)</sup>	FN 236070 m	EUR	500,000.00
8. TIWAG-Next Energy Solutions GmbH, Innsbruck <sup>3) 7) 8)</sup>	FN 195282 f	EUR	4,545,000.00
9. Gemeinschaftskraftwerk Inn GmbH, Innsbruck <sup>3)</sup>	FN 277806 p	EUR	200,000.00
10. SELGAS GmbH, Bolzano <sup>3) 6)</sup>	02319210213	EUR	245,000.00
<b>Investments</b>			
1. Energie AG Oberösterreich, Linz	FN 76532 y	EUR	88,653,782.00
2. Bioenergie Kufstein GmbH, Kufstein <sup>8)</sup>	FN 226474 a	EUR	2,350,000.00
3. VERBUND AG, Vienna	FN 76023 z	EUR	347,415,686.00
4. Innsbrucker Kommunalbetriebe AG, Innsbruck <sup>5)</sup>	FN 90981 x	EUR	10,000,000.00
5. VERBUND Hydro Power GmbH, Vienna	FN 84438 z	EUR	139,791,918.00
6. Südtirolgas AG, Bolzano <sup>5) 6)</sup>	08284030155	EUR	16,400,000.00
7. Bayerngas GmbH, Munich <sup>6)</sup>	HRB 5551	EUR	90,695,150.00
8. AGGM Austrian Gas Grid Management AG, Vienna <sup>6)</sup>	FN 212990 x	EUR	500,000.00
9. Bioenergie Schlitters GmbH, Schlitters <sup>6)</sup>	FN 281941 w	EUR	41,000.00
10. APCS Power Clearing and Settlement AG, Vienna <sup>9)</sup>	FN 196976 x	EUR	2,200,000.00
11. CISMO Clearing Integrated Services and Market Operations GmbH, Vienna <sup>9)</sup>	FN 197614 i	EUR	400,000.00
12. OeMAG Abwicklungsstelle für Ökostrom AG, Vienna <sup>9)</sup>	FN 280453 g	EUR	100,000.00
13. EDA Energiewirtschaftlicher Datenaustausch GmbH, Vienna <sup>9)</sup>	FN 541768 v	EUR	45,000.00
14. Öztaler Wasserkraft GmbH, Umhausen <sup>11)</sup>	FN 353576 s	EUR	100,000.00

<sup>1)</sup> Equity as defined in Section 224(3) letter A UGB

<sup>2)</sup> Profit for the year (+) / Loss for the year (-)

<sup>3)</sup> Full consolidation as defined in Sections 254 to 261 UGB

<sup>4)</sup> A profit and loss transfer agreement was concluded with the company.

<sup>5)</sup> Associated company

<sup>6)</sup> Shares held by TIGAS-Erdgas Tirol GmbH

<sup>7)</sup> A profit and loss transfer agreement was entered into for the reporting year.

<sup>8)</sup> Included in group taxation

<sup>9)</sup> Investment held by TINETZ-Tiroler Netze GmbH

<sup>10)</sup> In liquidation; opening balance sheet for liquidation as at June 9, 2010

<sup>11)</sup> Investment held by TIWAG Beteiligungs GmbH

Share of nominal capital in %		Share of nominal capital	Last annual financial statements		Equity in last fiscal year <sup>1)</sup>		Profit or loss in last fiscal year <sup>2)</sup>
86.000	EUR	56,686,900.00	2021	EUR	334,703,706.83	EUR	-243,130.77
100.000	EUR	37,000.00	2021	EUR	746,734.77	EUR	-538,256.21
100.000	EUR	38,000.00	2021	EUR	516,225.20	EUR	48,835.40
100.000	EUR	500,000.00	2021	EUR	5,991,514.00	EUR	3,620,651.87
100.000	EUR	90,000.00	2020	EUR	-540,646.00	EUR	-48,946.00
100.000	EUR	100,000.00	2021	EUR	332,833.43	EUR	-1,483.41
100.000	EUR	500,000.00	2021	EUR	1,704,731.85	EUR	244,343.94
100.000	EUR	4,545,000.00	2021	EUR	10,316,712.11	EUR	1,940,937.06
86.000	EUR	172,000.00	2021	EUR	284,224.40	EUR	5,916.11
81.633	EUR	200,000.00	2020	EUR	2,407,890.00	EUR	1,619,270.00
8.284	EUR	7,343,855.70	2020/2021	EUR	843,503,408.11	EUR	63,457,729.12
50.000	EUR	1,175,000.00	2020	EUR	3,786,765.96	EUR	1,077,207.89
8.218	EUR	28,549,755.00	2020	KEUR	3,268,845.00	KEUR	420,453.10
49.999	EUR	4,999,900.00	2020	EUR	378,721,481.74	EUR	26,662,896.82
0.221	EUR	308,460.00	2020	KEUR	1,912,230.30	KEUR	417,300.80
49.000	EUR	8,036,000.00	2020	EUR	61,370,681.00	EUR	2,942,077.00
10.000	EUR	9,069,550.00	2020	EUR	151,974,937.18	EUR	-83,875,089.04
2.000	EUR	10,000.00	2020	EUR	2,087,603.46	EUR	1,082,709.21
48.780	EUR	20,000.00	2020	EUR	262,294.65	EUR	50,579.98
5.000	EUR	110,000.00	2020	EUR	3,289,641.24	EUR	220,641.24
2.500	EUR	9,999.40	2020	EUR	3,072,454.24	EUR	2,272,454.24
12.600	EUR	12,600.00	2020	EUR	6,040,595.90	EUR	430,222.45
6.667	EUR	3,000.00	2020	EUR	29,702.08	EUR	-15,297.92
25.000	EUR	25,000.00	2021	EUR	91,742.82	EUR	-181,280.63

## CHANGES IN NON-CURRENT ASSETS (NON-CURRENT ASSETS MOVEMENT SCHEDULE)

### Balance sheet item

#### I. Intangible assets

1. Electricity procurement rights
2. Other rights
3. IT programs
4. Goodwill
5. Advances made

#### **TOTAL I. Intangible assets**

#### II. Property, plant and equipment

1. Land, rights equivalent to land and buildings,  
including buildings on land owned by others
2. Machinery and electrical plants
3. Line systems
4. Other plant, furniture and fixtures
5. Advances made and construction in progress

#### **TOTAL II. Property, plant and equipment**

#### III. Financial assets

1. Shares in affiliates
2. Loans to affiliates
3. Investments
4. Investment securities (book-entry securities)
5. Other loans

#### **TOTAL III. Financial assets**

#### **TOTAL non-current assets**

	Cost of acquisition or production				
	As at Jan 1, 2021	Additions	Disposals	Transfers	As at Dec 31, 2021
	EUR	EUR	EUR	EUR	EUR
	41,166.60	25,622.06	0.00	0.00	66,788.66
	18,623,101.93	7,062.24	0.00	0.00	18,630,164.17
	24,597,151.00	645,299.25	-2,495,514.26	100,725.34	22,847,661.33
	52,561,826.54	0.00	0.00	0.00	52,561,826.54
	461,949,370.84	27,554,146.00	-32,377.47	0.00	489,471,139.37
	<b>557,772,616.91</b>	<b>28,232,129.55</b>	<b>-2,527,891.73</b>	<b>100,725.34</b>	<b>583,577,580.07</b>
	1,396,084,557.42	4,792,066.00	-213,713.13	3,663,908.03	1,404,326,818.32
	1,069,251,133.06	19,434,109.96	-2,879,060.03	23,678,946.00	1,109,485,128.99
	893,516,122.54	23,229,770.55	-1,184,146.30	28,598,150.49	944,159,897.28
	53,737,344.90	3,566,262.59	-2,000,605.33	301,200.55	55,604,202.71
	232,286,018.29	205,277,774.33	-214,846.95	-56,342,930.41	381,006,015.26
	<b>3,644,875,176.21</b>	<b>256,299,983.43</b>	<b>-6,492,371.74</b>	<b>-100,725.34</b>	<b>3,894,582,062.56</b>
	262,930,714.88	50,000.00	0.00	0.00	262,980,714.88
	170,783,333.30	0.00	-9,633,333.34	0.00	161,149,999.96
	635,867,714.63	0.00	-261.61	0.00	635,867,453.02
	50,290,526.29	0.00	0.00	0.00	50,290,526.29
	18,760,188.32	26,077,890.15	-293,509.44	0.00	44,544,569.03
	<b>1,138,632,477.42</b>	<b>26,127,890.15</b>	<b>-9,927,104.39</b>	<b>0.00</b>	<b>1,154,833,263.18</b>
	<b>5,341,280,270.54</b>	<b>310,660,003.13</b>	<b>-18,947,367.86</b>	<b>0.00</b>	<b>5,632,992,905.81</b>

## CHANGES IN NON-CURRENT ASSETS (NON-CURRENT ASSETS MOVEMENT SCHEDULE)

Balance sheet item	Accumulated amortization and depreciation		
	As at Jan 1, 2021	Write-ups	Additions
	EUR	EUR	EUR
<b>I. Intangible assets</b>			
1. Electricity procurement rights	21,612.47	0.00	3,339.42
2. Other rights	15,899,109.84	0.00	422,951.81
3. IT programs	21,680,000.07	0.00	1,204,717.73
4. Goodwill	51,617,525.35	0.00	209,844.71
5. Advances made	7,025,999.47	0.00	76,128.34
<b>TOTAL I. Intangible assets</b>	<b>96,244,247.20</b>	<b>0.00</b>	<b>1,916,982.01</b>
<b>II. Property, plant and equipment</b>			
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	850,104,160.90	0.00	20,165,723.46
2. Machinery and electrical plants	832,784,946.35	0.00	22,397,817.45
3. Line systems	663,328,863.01	0.00	23,207,887.16
4. Other plant, furniture and fixtures	43,816,809.98	0.00	3,625,770.68
5. Advances made and construction in progress	10,019,832.86	0.00	842,950.91
<b>TOTAL II. Property, plant and equipment</b>	<b>2,400,054,613.10</b>	<b>0.00</b>	<b>70,240,149.66</b>
<b>III. Financial assets</b>			
1. Shares in affiliates	64,701,383.34	0.00	0.00
2. Loans to affiliates	0.00	0.00	0.00
3. Investments	45,106,261.61	-22,800,000.00	0.00
4. Investment securities (book-entry securities)	72,672.76	0.00	60,975.00
5. Other loans	0.00	0.00	0.00
<b>TOTAL III. Financial assets</b>	<b>109,880,317.71</b>	<b>-22,800,000.00</b>	<b>60,975.00</b>
<b>TOTAL non-current assets</b>	<b>2,606,179,178.01</b>	<b>-22,800,000.00</b>	<b>72,218,106.67</b>

Disposals	Transfers	Carrying amounts		
		As at Dec 31, 2021	Carrying amount as at Jan 1, 2021	Carrying amount as at Dec 31, 2021
EUR	EUR	EUR	EUR	EUR
0.00	0.00	24,951.89	19,554.13	41,836.77
0.00	0.00	16,322,061.65	2,723,992.09	2,308,102.52
-2,495,514.26	0.00	20,389,203.54	2,917,150.93	2,458,457.79
0.00	0.00	51,827,370.06	944,301.19	734,456.48
0.00	0.00	7,102,127.81	454,923,371.37	482,369,011.56
<b>-2,495,514.26</b>	<b>0.00</b>	<b>95,665,714.95</b>	<b>461,528,369.71</b>	<b>487,911,865.12</b>
-159,510.13	0.00	870,110,374.23	545,980,396.52	534,216,444.09
-2,755,982.11	40,894.81	852,467,676.50	236,466,186.71	257,017,452.49
-1,175,805.45	-40,894.81	685,320,049.91	230,187,259.53	258,839,847.37
-1,966,123.84	0.00	45,476,456.82	9,920,534.92	10,127,745.89
0.00	0.00	10,862,783.77	222,266,185.43	370,143,231.49
<b>-6,057,421.53</b>	<b>0.00</b>	<b>2,464,237,341.23</b>	<b>1,244,820,563.11</b>	<b>1,430,344,721.33</b>
0.00	0.00	64,701,383.34	198,229,331.54	198,279,331.54
0.00	0.00	0.00	170,783,333.30	161,149,999.96
-261.61	0.00	22,306,000.00	590,761,453.02	613,561,453.02
0.00	0.00	133,647.76	50,217,853.53	50,156,878.53
0.00	0.00	0.00	18,760,188.32	44,544,569.03
<b>-261.61</b>	<b>0.00</b>	<b>87,141,031.10</b>	<b>1,028,752,159.71</b>	<b>1,067,692,232.08</b>
<b>-8,553,197.40</b>	<b>0.00</b>	<b>2,647,044,087.28</b>	<b>2,735,101,092.53</b>	<b>2,985,948,818.53</b>



## Inventories

	Dec 31, 2021 EUR	Dec 31, 2020 kEUR
Stock material	3,378,706.13	2,566.8
Biomass inventories	298,509.13	373.5
1. Raw materials and supplies	3,677,215.26	2,940.3
Installation materials	87,496.62	87.5
Troubleshooting materials	21,756.36	21.7
Other goods	1,693.66	1.8
2. Finished goods and products	110,946.64	111.0
3. Services not yet chargeable	345,253.70	299.5
<b>TOTAL inventories</b>	<b>4,133,415.60</b>	<b>3,350.8</b>

## Receivables and other assets

	Dec 31, 2021 EUR	Stating separately those with a remaining term of more than 1 year EUR	Dec 31, 2020 kEUR
1. Trade receivables	128,003,609.72	5,921,214.79	84,598.4
2. Receivables from affiliates	155,158,940.64	87,457,798.21	151,666.4
3. Receivables from undertakings with which the company is linked by virtue of participating interests	5,869,255.98	0.00	4,710.8
4. Other receivables and assets	30,793,976.30	0.00	22,365.3
<b>TOTAL receivables and other assets</b>	<b>319,825,782.64</b>	<b>93,379,013.00</b>	<b>263,340.9</b>

Under 'Trade receivables' itemized allowances were made in the amount of EUR 684,165.00 (prior year: kEUR 667.6). Trade receivables comprise accrued energy supplies and grid services not yet metered at the balance sheet date in the amount of EUR 16,109,183.99 (prior year: kEUR 18,507.3). Payments on account received from customers in the reporting year amounted to EUR 75,378,757.52 (prior year: kEUR 73,435.1). Of these payments on account, the part comprising transitory items for taxes and contributions in the amount of EUR 16,977,547.31 (prior year: kEUR 15,876.5) was recognized as payables to customers under other liabilities; the remaining payments on account received from customers in the amount of EUR 58,401,210.21 (prior year: kEUR 57,558.6) were deducted from trade receivables.

Receivables from affiliates relate to TIGAS-Erdgas Tirol GmbH, TINETZ-Tiroler Netze GmbH, TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, Gemeinschaftskraftwerk Inn GmbH, Ökoenergie Tirol GmbH, TIWAG-Next Energy Solutions GmbH, and TIWAG-Italia GmbH in liquidation and derive, inter alia, from the balance of ongoing charges for services and the accounting of charges within the group, as well as from profit and loss transfer in the case of companies included in group taxation and having entered into a profit and loss transfer agreement.

Receivables from affiliates include internal transfers in the amount of EUR 38,438,106.74 (prior year: kEUR 30,532.2), cash pooling receivables in the amount of EUR 16,533,176.43 (prior year: kEUR 2,829.8), accrued interest in the amount of EUR 865,172.08 (prior year: kEUR 953.6), a simultaneous dividend payment in the amount of EUR 0.00 (prior year: kEUR 8,600.0), profit transferred by subsidiaries in the amount of EUR 3,913,978.25 (prior year: kEUR 5,391.5) and other receivables in the amount of EUR 95,408,507.14 (prior year: kEUR 103,359.2).

The allowance required for this item was EUR 187,327.39 (prior year: kEUR 187.3).

Receivables from undertakings with which the company is linked by virtue of participating interests relate mainly to deliveries and other services. The allowance required for this item was EUR 0.00 (prior year: kEUR 179.7).

As at December 31, 2021, there were receivables in the amount of EUR 5,921,214.79 (prior year: kEUR 6,179.9) with a remaining term of more than one year.

#### **Cash in hand and at bank, checks**

Cash amounted to EUR 57,039,533.23 (prior year: kEUR 32,936.0), consisting of cash at bank in the amount of EUR 56,997,527.61 (prior year: kEUR 32,906.9) and cash in hand in the amount of EUR 42,005.62 (prior year: kEUR 29.1).

#### **Prepayments and accrued income**

Prepayments and accrued income decreased by EUR 490,019.46 to EUR 2,939,744.13 (prior year: kEUR 3,429.8).

#### **Deferred tax assets**

Deferred tax assets in the amount of EUR 10,197,229.09 (prior year: kEUR 19,206.0) were recorded as at the balance sheet date. The key differences between the amounts under business law and those under tax law result from different useful lives for property, plant and equipment, from write-downs to going concern value being distributed over a seven-year period for financial assets, and for provisions for employee benefits mostly from interest rate differences. The calculated differences were measured at a tax rate of 25%.

The changes in deferred taxes throughout the course of the fiscal year were due to additional tax depreciation/amortization/write-downs, the reporting of seventh-part amounts, adjustments in provisions for employee benefits, and the continuation of untaxed reserves recorded off the balance sheet.

#### **Share capital**

The share capital in the amount of EUR 300,000,000.00 (prior year: kEUR 300,000.0) consists of 300,000 shares at a par value of EUR 1,000 each and has been paid up in full. The sole shareholder is the State of Tyrol.

#### **Retained earnings**

Retained earnings, which consist mainly of profits accumulated, include the statutory reserve of EUR 30,000,000.00 (prior year: kEUR 30,000.0) and free reserves of EUR 1,214,212,937.00 (prior year: kEUR 1,102,812.9).

#### **Net profit for the year**

The Shareholders' Meeting of May 18, 2021, decided to pay a dividend of EUR 35,000,000.00, with the remaining amount of EUR 280,418.35 being carried forward to new account.

The net profit for the fiscal year, which has not been adopted yet, comes to EUR 31,336,792.87 (prior year: kEUR 35,280.4).

The Management Board proposes to distribute EUR 30,000,000.00 of the net profit for fiscal 2021. The Supervisory Board will resolve on this dividend proposal in May 2022 and the Shareholders' Meeting will pass a decision in May 2022.

## Investment grants

	As at Jan 1, 2021 EUR	Additions EUR	Disposals EUR	Reversals EUR	As at Dec 31, 2021 EUR
Investment grants	8,941,861.05	588,919.92	0.00	-566,436.18	8,964,344.79
<b>TOTAL investment grants</b>	<b>8,941,861.05</b>	<b>588,919.92</b>	<b>0.00</b>	<b>-566,436.18</b>	<b>8,964,344.79</b>

Additions made in the reporting year include investment grants of EUR 942,071.00 (prior year: kEUR 643.6) under the Austrian Investment Premium Act [*Investitionsprämien-gesetz*], which was introduced because of the covid-19 crisis.

## Contributions to construction costs

	As at Jan 1, 2021 EUR	Additions EUR	Disposals EUR	Reversals EUR	As at Dec 31, 2021 EUR
1. Grid	166,468,597.29	18,654,948.30	-292,424.42	-15,492,753.61	169,338,367.56
2. District heat	734,785.93	126,135.30	0.00	-87,314.32	773,606.91
3. Other	6,110,685.67	238,736.02	0.00	-483,475.05	5,865,946.64
<b>TOTAL contributions to construction costs</b>	<b>173,314,068.89</b>	<b>19,019,819.62</b>	<b>-292,424.42</b>	<b>-16,063,542.98</b>	<b>175,977,921.11</b>

## Provisions

	Dec 31, 2021 EUR	Dec 31, 2020 kEUR
1. Provisions for severance pay (thereof subject to tax: EUR 35,190,117.32; prior year: kEUR 36,979.1)	66,436,765.58	70,051.2
2. Provisions for pensions (thereof subject to tax: EUR 52,453,461.06; prior year: kEUR 56,692.2)	126,979,321.68	140,458.2
3. Tax provisions	0.00	0.0
4. Other provisions (thereof subject to tax: EUR 8,676,284.35; prior year: kEUR 7,367.7)	339,237,552.81	362,401.6
<b>TOTAL provisions</b>	<b>532,653,640.07</b>	<b>572,910.9</b>

As in the previous year, tax provisions amounted to EUR 0.00.

With regard to outsourced pension obligations, which are shown under other provisions, EUR 12,708,776.45 were reversed (prior year: allocation of kEUR 72,773.5) in the reporting year, resulting in EUR 240,275,358.53 (prior year: kEUR 252,984.1) being recognized as at December 31, 2021. A major part of reversal is due to adaptations of interest rates and a change in the measuring methodology.

Apart from outsourced pension obligations, other provisions comprise the discounted provisions for wastewater disposal measures in connection with the Strassen-Amlach power station on the Drau river in the amount of EUR 1,641,333.84 (prior year: kEUR 990.0) and the mid lower Inn valley wastewater board in the amount of EUR 3,697,872.30 (prior year: kEUR 2,866.3). Other provisions also include the provisions for anniversary bonuses of EUR 15,119,475.53 (prior year: kEUR 15,436.6), the provision for unconsumed annual leave of EUR 7,956,159.87 (prior year: kEUR 8,061.4), the provision for accrued flexitime of EUR 1,630,600.00 (prior year: kEUR 1,417.1), and provisions under an electricity barter agreement in the amount of EUR 13,698,261.41 (prior year: kEUR 18,679.4).

The item also includes provisions for electricity allowance-in-kind commitments in the amount of EUR 17,520,163.17 (prior year: kEUR 18,805.5).

## Liabilities

Liabilities as at Dec 31, 2021	Carrying amounts Dec 31, 2021	Stating separately those due within one year	Stating separately those with a remaining term between 1 and 5 years	Stating separately those with a remaining term of more than 5 years
	EUR	EUR	EUR	EUR
1. Bonds	110,121,244.44	121,244.44	0.00	110,000,000.00
2. Bank borrowings	641,153,941.97	220,664,707.08	75,846,377.74	344,642,857.15
3. Advance payments received	21,764.00	21,764.00	0.00	0.00
4. Trade payables	90,733,036.19	90,204,016.19	0.00	529,020.00
5. Payables to affiliates	13,017,319.12	13,017,319.12	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,053,624.75	1,053,624.75	0.00	0.00
7. Other liabilities	183,810,103.55	165,545,430.99	46,694.86	18,217,977.70
<i>thereof taxes</i>	39,803,615.78	39,803,615.78	0.00	0.00
<i>thereof for social security</i>	2,470,870.98	2,470,870.98	0.00	0.00
<i>thereof loans from insurance companies</i>	82,448,000.00	82,448,000.00	0.00	0.00
<b>TOTAL liabilities</b>	<b>1,039,911,034.02</b>	<b>490,628,106.57</b>	<b>75,893,072.60</b>	<b>473,389,854.85</b>

Liabilities as at Dec 31, 2020	Carrying amounts Dec 31, 2021	Stating separately those due within one year	Stating separately those with a remaining term between 1 and 5 years	Stating separately those with a remaining term of more than 5 years
	EUR	EUR	EUR	EUR
1. Bonds	110,121,244.44	121,244.44	0.00	110,000,000.00
2. Bank borrowings	415,722,683.03	6,737,328.52	117,532,960.43	291,452,394.08
3. Advance payments received	0.18	0.18	0.00	0.00
4. Trade payables	44,569,121.45	44,040,101.45	0.00	529,020.00
5. Payables to affiliates	42,221,934.28	42,221,934.28	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	620,188.70	620,188.70	0.00	0.00
7. Other liabilities	170,910,925.72	73,689,476.62	80,053,506.15	17,167,942.95
<i>thereof taxes</i>	30,307,267.23	30,307,267.23	0.00	0.00
<i>thereof for social security</i>	2,393,827.80	2,393,827.80	0.00	0.00
<i>thereof loans from insurance companies</i>	82,448,000.00	2,448,000.00	80,000,000.00	0.00
<b>TOTAL liabilities</b>	<b>784,166,097.80</b>	<b>167,430,274.19</b>	<b>197,586,466.58</b>	<b>419,149,357.03</b>

As at the balance sheet date, the carrying amount of the euro bonds amounted to EUR 110,121,244.44 (prior year: kEUR 110,121.2). Bank borrowings in the amount of EUR 641,153,941.97 (prior year: kEUR 415,722.7) are due mainly to bank loans with a remaining term of more than five years, which amount to EUR 344,642,857.15 (prior year: kEUR 291,452.4).

Payables to affiliates, which consist of trade payables in the amount of EUR 7,965,977.56 (prior year: EUR 15,404.0) and financial liabilities in the amount of EUR 5,051,341.56 (prior year: EUR 26,818.0), relate to the subsidiaries TINETZ-Tiroler Netze GmbH, TIGAS-Erdgas Tirol GmbH, Achenseeschiffahrt-GmbH, TIQU-Tiroler Qualitätszentrum für Umwelt, Bau und Rohstoffe GmbH, Ökoenergie Tirol GmbH, TIWAG-Beteiligungs GmbH, and Gemeinschaftskraftwerk Inn GmbH.

Payables to undertakings with which the company is linked by virtue of participating interests include trade payables. Other liabilities primarily include loans in the amount of EUR 80,000,000.00 (prior year: EUR 80.0 million), liabilities arising from compensation or purchase contracts, and free power commitments in the amount of EUR 18,595,013.70 (prior year: kEUR

17,509.8). The interest rate used for measuring the liabilities arising from free power commitments was 2%, as in the previous year. Liabilities to customers decreased to EUR 26,895,005.02 (prior year: kEUR 28,041.1), comprising, inter alia, recognition of payments on account received from customers for transitory items for taxes and contributions in the amount of EUR 16,977,547.31 (prior year: kEUR 15,876.5) and liabilities from accrued revenue in the amount of EUR 6,052,642.49 (prior year: kEUR 9,079.0). Other liabilities in the amount of EUR 83,803.94 (prior year: kEUR 101.2) are secured by mortgages.

#### Accruals and deferred income

Deferred income includes, among other things, the total net present value benefit resulting from all CBL transactions currently still in place, which is deferred and recognized through profit or loss over the term of the underlying lease transaction. As at the balance sheet date, deferred income from the remaining financial transactions amounted to EUR 19,741,871.89 (prior year: kEUR 21,058.0).

Reserves for the reversal of impairment losses of property, plant and equipment and financial assets prior to January 1, 2016 have been recognized and are shown separately on the balance sheet under accruals and deferred income and will be reversed in line with the applicable tax law provisions.

Accruals and deferred income	Dec 31, 2021 EUR	Dec 31, 2020 EUR
Accruals and deferrals (Section 906(32) UGB)	26,025,038.52	27,877,417.11
Net present value benefits from CBL	19,741,871.89	21,057,996.69
Other accruals and deferrals	760,942.95	502,963.06
<b>TOTAL</b>	<b>46,527,853.36</b>	<b>49,438,376.86</b>

## VI. NOTES TO THE INCOME STATEMENT (SEPARATE FINANCIAL STATEMENTS)

### Sales revenue

Sales revenue by divisions	2021 EUR	2020 kEUR
1. Revenue from electricity sales	1,049,873,066.99	716,639.4
2. Revenue from heat sales	1,762,146.91	1,723.3
3. Revenue from gas sales	2,231,750.60	127.1
4. Lease revenue	119,797,294.81	117,585.8
5. Other sales revenue	19,102,544.81	17,073.3
<b>TOTAL sales revenue</b>	<b>1,192,766,804.12</b>	<b>853,148.9</b>

Sales revenue by regions	2021 EUR	2020 kEUR
1. Austria	695,098,648.71	510,269.9
2. International	497,668,155.41	342,879.0
<b>TOTAL sales revenue</b>	<b>1,192,766,804.12</b>	<b>853,148.9</b>

Lease revenue and other sales revenue includes the revenue from lease accounting for distribution system operations in the amount of EUR 113,360,346.42 (prior year: kEUR 111,441.1).

### Other operating income

Other operating income includes, among other things, income from disposal of non-current assets in the amount of EUR 1,577,765.63 (prior year: kEUR 535.4), income from write-ups of non-current assets in the amount of EUR 1,852,378.59 (prior year: kEUR 1,862.3), income from the reversal of provisions in the amount of EUR 7,379,664.91 (prior year: kEUR 7,560.8) and from sundry other operating income in the amount of EUR 7,245,412.24 (prior year: kEUR 2,290.0).

### Cost of materials and other manufacturing services purchased

	2021 EUR	2020 kEUR
1. Cost of materials (electricity procured from other suppliers, swapped energy, and similar)	851,672,718.63	521,052.4
2. Cost of other services purchased	495,542.23	409.8
<b>TOTAL cost of materials and manufacturing services purchased</b>	<b>852,168,260.86</b>	<b>521,462.2</b>

### Personnel expenses

Expenses for severance pay and contributions to Severance Pay and Pension Funds comprise contributions to Severance Pay and Pension Funds in the amount of EUR 582,579.59 (prior year: kEUR 513.1).

EUR 4,826,511.82 (prior year: kEUR 1,122.2) of expenses for severance pay and EUR 19,083,093.98 (prior year: kEUR 12,590.6) of expenses for pensions are attributable to employees.

Expenses for pensions include, among other things, ongoing pension payments, the changes in pension provisions and pension-like obligations, except for interest rate changes, as well as current pension fund contributions. In the reporting year, this item showed a decrease in personnel expenses related to pension obligations recognized on the balance sheet by EUR 10,246,723.60 (prior year: kEUR 18,985.4), while the outsourced pension obligations decreased by EUR 272,460.62 (prior year: increase by kEUR 6,670.0). The actuarial interest included in the change in provisions for employee benefits, which mainly results from changes in actuarial interest rates and amount to a total of EUR 787,662.08 (prior year: kEUR 75,708.4) in the reporting year, is not shown under Personnel expenses, but under Interest and similar expenses. In addition, EUR 21,392,291.35 (prior year: kEUR 0.0) were recognized under the item Other interest and similar income in connection with the change in actuarial interest rates.

### Depreciation, amortization and write-downs

Write downs of non-current assets amounted to EUR 842,950.91 (prior year: kEUR 3,928.4).

### Other operating expenses

Taxes in the amount of EUR 617,325.84 (prior year: kEUR 682.7) recognized under other operating expenses mainly concern land and motor vehicle taxes.

Sundry other operating expenses amount to EUR 64,711,973.04 (prior year: kEUR 70,820.7).

	2021 EUR	2020 kEUR
1. External services	24,790,426.11	32,941.2
2. Consultancy services, fees	1,942,802.00	2,431.8
3. Rents and leases	5,053,553.69	4,885.5
4. Compensation, contribution payments	7,423,514.61	6,723.3
5. Travel expenses	2,198,954.96	2,288.0
6. Sundry other operating expenses	23,302,721.67	21,550.9
<b>TOTAL sundry operating expenses</b>	<b>64,711,973.04</b>	<b>70,820.7</b>

### Income from investments

Income from investments includes, among other things, profit distributions by VERBUND AG in the amount of EUR 21,412,316.25 (prior year: kEUR 19,699.3) and by Innsbrucker Kommunalbetriebe AG in the amount of EUR 11,074,545.30 (prior year: kEUR 11,248.6).

### Other interest and similar income

This item includes the pro-rata income from cross-border lease transactions amounting to EUR 1,565,107.94 (prior year: kEUR 1,545.3).

### Income from disposals and write-ups of financial assets

In the reporting year impairment losses from investments were reversed in a total amount of EUR 22,800,000.00 (prior year: kEUR 43,635.0).

### Expenses related to financial assets and securities held as current assets

Expenses related to financial assets amounted to EUR 599,231.21 (prior year: kEUR 6,006.8). This item includes transfers of losses in the amount of EUR 538,256.21 (prior year: kEUR 536.7) and a write-down of investments in the amount of EUR 60,975.00 (prior year: kEUR 4,406.0).

### Interest and similar expenses

Under the item 'Interest and similar expenses', interest payments for loans and bank loans in the amount of EUR 10,783,692.28 (prior year: kEUR 10,039.0), and the interest element of the allocation to provisions for employee benefits in the amount of EUR 787,662.08 (prior year: kEUR 75,708.4) should be mentioned.

### Income taxes

Income taxes break down as follows:

	2021 EUR	2020 kEUR
1. Corporate income tax	26,101,465.39	8,017.3
2. Tax allocation	-2,837,910.22	-7,651.0
3. Deferred taxes	9,008,820.49	4,227.1
<b>TOTAL taxes</b>	<b>32,272,375.66</b>	<b>4,593.4</b>

### Net profit for the year

Profit before taxes amounts to EUR 174,728,750.18 (prior year: kEUR 93,459.2). Taking into account income taxes, the resulting net profit for the year comes to EUR 142,456,374.52 (prior year: kEUR 88,865.8).

Taking into account the changes in reserves, in particular the allocation made to retained earnings in the amount of EUR 111,400,000.00 (prior year: kEUR 54,000.0) and the profit carried forward from the previous year amounting to EUR 280,418.35 (prior year: kEUR 414.6), the net profit for the year amounts to EUR 31,336,792.87 (prior year: kEUR 35,280.4).

## VII. NOTES TO THE BALANCE SHEET (CONSOLIDATED FINANCIAL STATEMENTS)

### Property, plant and equipment

The changes in consolidated non-current assets and the breakdown of annual depreciation and amortization are shown in the consolidated non-current assets movement schedule.

Additions to property, plant and equipment amounted to EUR 326.0 million (prior year: EUR 237.2 million), of which EUR 33.7 million (prior year: EUR 33.2 million) are attributable to the gas sector.

The item 'Land, rights equivalent to land and buildings, including buildings on land owned by others' includes land valued at EUR 61,433,481.53 (prior year: kEUR 59,922.8).

### Financial assets

Loans totaling EUR 424,724.81 (prior year: kEUR 437.2) will become due within one year.

## Inventories

	Dec 31, 2021 EUR	Dec 31, 2020 kEUR
1. Raw materials and supplies	3,677,215.26	2,940.4
2. Installation materials and goods for resale	124,207.41	112.0
3. Gas	207,029.85	94.1
4. Other inventories	2,450,362.90	2,602.5
5. Services not yet chargeable	716,935.34	827.5
<b>TOTAL inventories</b>	<b>7,175,750.76</b>	<b>6,576.5</b>

## Receivables and other assets

	As at Dec 31, 2021 EUR	Stating separately those with a remaining term of more than 1 year EUR	As at Dec 31, 2020 kEUR
1. Trade receivables	239,087,952.55	5,926,325.38	130,428.6
2. Receivables from affiliates	261,054.29	0.00	270.4
3. Receivables from undertakings with which the company is linked by virtue of participating interests	8,494,426.74	0.00	8,442.7
4. Other receivables and assets	151,139,240.94	87,457,798.30	141,299.5
<b>TOTAL receivables and other assets</b>	<b>398,982,674.52</b>	<b>93,384,123.68</b>	<b>280,441.2</b>

Under trade receivables, itemized allowances were made in the amount of EUR 2,156,343.75 (prior year: kEUR 1,135.7).

Receivables from undertakings with which the company is linked by virtue of participating interests mainly relate to deliveries and other services. With regard to this item, itemized allowances in the amount of EUR 0.00 (prior year: kEUR 304.9) were deducted.

## Deferred tax assets

In the reporting year deferred tax assets in the amount of EUR 10,031,350.89 (prior year: kEUR 19,456.0) were accounted for.

The differences between the amounts under business law and under tax law result from different useful lives of property, plant and equipment, from write-downs to going concern value being distributed over a seven-year period for financial assets, and from interest rate differences for provisions for employee benefits. The calculated differences were measured at a tax rate of 25%.

### Shareholders' equity (consolidated)

The share capital is EUR 300,000,000.00 (prior year: kEUR 300,000.0).

Capital reserves amount to EUR 500,000.00 (prior year: kEUR 500.0) and retained earnings comprising the statutory reserve and free reserves amount to EUR 1,116,569,441.76 (prior year: kEUR 1,087,824.2). This item also includes positive and negative differences resulting from initial and subsequent consolidation. The consolidated net profit for the reporting year net of the shares of other shareholders amounts to EUR 146,361,715.60 (prior year: kEUR 63,745.2), with the 'Shares of other shareholders' accounting for EUR 44,909,364.38 (prior year: kEUR 46,082.5).

### Contributions to construction costs and construction cost grants

Of the contributions to construction costs reported as at the balance sheet date, EUR 172,476,228.26 (prior year: kEUR 170,325.6) are attributable to the construction cost contributions of those entitled to procure electricity, EUR 78,216,341.87 (prior year: kEUR 73,743.2) to construction cost grants, EUR 29,835,213.21 (prior year: kEUR 29,943.4) to the construction cost contributions of those entitled to procure gas, and EUR 13,343,816.52 (prior year: kEUR 13,266.1) to other contributions to construction costs. The consumption of contributions to construction costs amounting to EUR 20,140,248.12 (prior year: kEUR 19,701.0) is included in sales revenue.

### Provisions

	Dec 31, 2021 EUR	Dec 31, 2020 kEUR
1. Provisions for severance pay (thereof subject to tax: EUR 35,964,417.75; prior year: kEUR 37,845.6)	67,986,147.50	71,754.1
2. Provisions for pensions (thereof subject to tax: EUR 53,502,790.34; prior year: kEUR 57,736.8)	129,006,526.97	142,507.7
3. Tax provisions	120.00	144.0
4. Other provisions (thereof subject to tax: EUR 9,019,110.12; prior year: kEUR 7,606.7)	369,781,849.40	391,906.5
<b>TOTAL provisions</b>	<b>566,774,643.87</b>	<b>606,312.3</b>

This item includes the provisions for outsourced pension obligations in the amount of EUR 242,836,548.41 (prior year: kEUR 255,951.3), for anniversary bonuses an amount of EUR 15,661,409.50 (prior year: kEUR 16,029.7), for unconsumed annual leave an amount of EUR 8,740,740.04 (prior year: kEUR 8,754.4), for accrued flexitime an amount of EUR 1,789,720.59 (prior year: kEUR 1,578.6), and provisions under an electricity barter agreement in the amount of EUR 13,698,261.41

(prior year: kEUR 18,679.4). The item also includes provisions for electricity allowance-in-kind commitments in the amount of EUR 17,520,163.17 (prior year: kEUR 18,805.5).

## Liabilities

Liabilities as at Dec 31, 2021	Carrying amount	Stating separately those	Stating separately those	Stating separately those
	Dec 31, 2021	due within one year	with a remaining term between 1 and 5 years	with a remaining term of more than 5 years
	EUR	EUR	EUR	EUR
1. Bonds	110,121,244.44	121,244.44	0.00	110,000,000.00
2. Bank borrowings	646,510,992.07	226,021,757.18	75,846,377.74	344,642,857.15
3. Advance payments received	4,607,036.36	4,607,036.36	0.00	0.00
4. Trade payables	162,819,547.75	162,290,527.75	0.00	529,020.00
5. Payables to affiliates	828,562.56	828,562.56	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,058,231.50	1,058,231.50	0.00	0.00
7. Other liabilities	198,776,037.84	180,511,365.28	46,694.86	18,217,977.70
<i>thereof taxes</i>	<i>42,809,012.84</i>	<i>42,809,012.84</i>	<i>0.00</i>	<i>0.00</i>
<i>thereof for social security</i>	<i>2,718,084.70</i>	<i>2,718,084.70</i>	<i>0.00</i>	<i>0.00</i>
<i>thereof loans from insurance companies</i>	<i>82,448,000.00</i>	<i>82,448,000.00</i>	<i>0.00</i>	<i>0.00</i>
<b>TOTAL liabilities</b>	<b>1,124,721,652.52</b>	<b>575,438,725.07</b>	<b>75,893,072.60</b>	<b>473,389,854.85</b>

Liabilities as at Dec 31, 2020	Carrying amount	Stating separately those	Stating separately those	Stating separately those
	Dec 31, 2020	due within one year	with a remaining term between 1 and 5 years	with a remaining term of more than 5 years
	EUR	EUR	EUR	EUR
1. Bonds	110,121,244.44	121,244.44	0.00	110,000,000.00
2. Bank borrowings	415,723,203.71	6,737,849.18	117,532,960.45	291,452,394.08
3. Advance payments received	4,603,740.76	4,603,740.76	0.00	0.00
4. Trade payables	85,690,642.69	85,161,622.69	0.00	529,020.00
5. Payables to affiliates	781,874.56	781,874.56	0.00	0.00
6. Payables to undertakings with which the company is linked by virtue of participating interests	1,376,460.55	1,376,460.55	0.00	0.00
7. Other liabilities	182,710,991.78	85,489,542.68	80,053,506.15	17,167,942.95
<i>thereof taxes</i>	<i>33,009,947.76</i>	<i>33,009,947.76</i>	<i>0.00</i>	<i>0.00</i>
<i>thereof for social security</i>	<i>2,594,409.12</i>	<i>2,594,409.12</i>	<i>0.00</i>	<i>0.00</i>
<i>thereof loans from insurance companies</i>	<i>82,448,000.00</i>	<i>2,448,000.00</i>	<i>80,000,000.00</i>	<i>0.00</i>
<b>TOTAL liabilities</b>	<b>801,008,158.49</b>	<b>184,272,334.86</b>	<b>197,586,466.60</b>	<b>419,149,357.03</b>

Payables to undertakings with which the company is linked by virtue of participating interests consist of trade payables.

In addition to current tax liabilities, other liabilities primarily include a loan in the amount of EUR 80,000,000.00 (prior year: kEUR 80,000.0), liabilities arising from compensation or purchase contracts and free power commitments in the amount of EUR 18,595,013.70 (prior year: kEUR 17,509.8), and liabilities to customers in the amount of EUR 29,285,611.25 (prior year: kEUR 30,572.5). Other liabilities in the amount of EUR 83,803.94 (prior year: kEUR 101.2) are secured by mortgages.

#### Accruals and deferred income

Reserves for the reversal of impairment losses on property, plant and equipment were recognized and are shown separately on the balance sheet under accruals and deferred income and will be reversed in line with the provisions of Section 124 b No. 270 EStG (Section 906(32) UGB).

## VIII. NOTES TO THE INCOME STATEMENT (CONSOLIDATED FINANCIAL STATEMENTS)

### Sales revenue

Sales revenue by divisions	2021 EUR	2020 kEUR
1. Revenue from electricity sales	1,272,663,557.12	900,043.3
2. Revenue from gas sales	273,300,709.48	194,295.7
3. Revenue from heat sales	17,819,544.92	16,224.1
4. Other sales revenue	22,946,503.44	19,865.2
<b>TOTAL sales revenue</b>	<b>1,586,730,314.96</b>	<b>1,130,428.3</b>

### Cost of materials and other manufacturing services purchased

The item 'Cost of materials and other services purchased' primarily includes expenses for procurement of electricity, natural gas and district heat. The relevant item increased by EUR 462,622,090.06 to EUR 1,143,263,576.86 (prior year: kEUR 680,641.5) in fiscal 2021. The increase is mainly attributable to the price effects in the energy procurement markets.

**Personnel expenses**

Expenses for severance pay for employees amounted to EUR 5,042,909.24 (prior year: kEUR 1,269.8) and to EUR -9,133.71 (prior year: kEUR -17.3) for the Management Board. Contributions to Severance Pay and Pension Funds amounted to EUR 679,775.61 (prior year: kEUR 603.0).

Expenses for pensions for employees amounted to EUR 19,203,659.16 (prior year: kEUR 11,894.1) and those for the Management Board to EUR -109,415.41 (prior year: kEUR -60.4).

**Depreciation, amortization and write-downs**

Depreciation, amortization and write-downs amounted to EUR 97,446,947.02 (prior year: kEUR 95,317.2). This item also includes impairment losses on property, plant and equipment in the amount of EUR 842,950.91 (prior year: kEUR 3,928.4).

**Income from investments**

Income from investments includes, among other things, profit distributions by VERBUND AG in the amount of EUR 21,412,316.25 (prior year: kEUR 19,699.3) and by Energie AG Oberösterreich in the amount of EUR 5,508,000.00 (prior year: kEUR 4,406.0).

**Other interest and similar income**

This item includes, among other things, pro-rata income from cross-border lease transactions amounting to EUR 1,565,107.94 (prior year: kEUR 1,535.3) and income from the interest element in the amount of EUR 21,725,302.84 (prior year: kEUR 0.0).

**Income from disposals and write-ups of financial assets**

The income recognized in the reporting year includes a reversal of impairment losses for an investment in the amount of EUR 22,800,000.00 (prior year: kEUR 2,544.0).

**Expenses related to financial assets and securities held as current assets**

This item includes write-downs of two investments in the total amount of EUR 10,060,975.00 (prior year: kEUR 10,406.0).

**Profit or loss from associated companies**

The reported income of EUR 14,772,799.51 (prior year: kEUR 17,878.2) results from the inclusion of associated companies.

**Interest and similar expenses**

This item includes the interest element of the allocation to provisions for employee benefits in the amount of EUR 795,585.82 (prior year: kEUR 76,708.8). The actuarial interest included in the change in provisions is not recognized under personnel expenses but under interest and similar expenses.

**Income taxes**

Income taxes comprise corporate income tax expenses in the amount of EUR 26,522,553.51 (prior year: kEUR 8,552.3) and deferred taxes in the amount of EUR 9,424,620.23 (prior year: kEUR 2,965.6).

**Consolidated net profit for the year**

The net profit for the year including minority share amounts to EUR 146,882,450.45 (prior year: kEUR 67,273.9). Adjusted for the share of other shareholders in the profit or loss for the year in the amount of EUR -520,734.85 (prior year: kEUR -3,528.7), the remaining consolidated profit for the year is EUR 146,361,715.60 (prior year: kEUR 63,745.2).

## CHANGES IN CONSOLIDATED NON-CURRENT ASSETS (CONSOLIDATED NON-CURRENT ASSETS MOVEMENT SCHEDULE)

### Balance sheet item

#### I. Intangible assets

1. Electricity procurement rights
2. Other rights
3. IT programs
4. Goodwill
5. Advances made

#### TOTAL I. Intangible assets

#### II. Property, plant and equipment

1. Land, rights equivalent to land and buildings,  
including buildings on land owned by other
2. Machinery and electrical plants
3. Line systems
4. Other plant, furniture and fixtures
5. Advances made and construction in progress

#### TOTAL II. Property, plant and equipment

#### III. Financial assets

1. Shares in affiliates
2. Investments in associates
3. Other investments
4. Investment securities (book-entry securities)
5. Other loans

#### TOTAL III. Financial assets

#### TOTAL non-current assets

	Cost of acquisition or production				
	As at Jan 1, 2021	Additions	Disposals	Transfers	As at Dec 31, 2021
	EUR	EUR	EUR	EUR	EUR
	911,268.28	183,814.56	0.00	0.00	1,095,082.84
	21,320,318.68	33,364.69	-65,122.00	0.00	21,288,561.37
	25,216,682.31	658,834.65	-2,495,514.26	100,725.34	23,480,728.04
	57,961,581.04	0.00	0.00	0.00	57,961,581.04
	8,844,461.41	76,128.33	-32,377.47	0.00	8,888,212.27
	<b>114,254,311.72</b>	<b>952,142.23</b>	<b>-2,593,013.73</b>	<b>100,725.34</b>	<b>112,714,165.56</b>
	1,458,119,199.01	11,031,909.19	-213,813.13	3,698,429.42	1,472,635,724.49
	1,147,786,453.41	21,426,460.51	-3,242,331.62	23,950,322.66	1,189,920,904.96
	1,685,365,376.76	46,837,777.26	-1,930,552.21	28,269,229.65	1,758,541,831.46
	73,031,811.33	4,102,425.97	-2,492,743.87	301,200.55	74,942,693.98
	759,410,917.94	242,612,651.11	-1,632,518.83	-56,319,907.62	944,071,142.60
	<b>5,123,713,758.45</b>	<b>326,011,224.04</b>	<b>-9,511,959.66</b>	<b>-100,725.34</b>	<b>5,440,112,297.49</b>
	2,262,919.20	50,000.00	0.00	0.00	2,312,919.20
	269,851,668.77	0.00	0.00	0.00	269,851,668.77
	434,768,955.97	0.00	-261.61	0.00	434,768,694.36
	50,972,812.56	0.00	0.00	0.00	50,972,812.56
	18,760,188.32	26,077,890.15	-293,509.44	0.00	44,544,569.03
	<b>776,616,544.82</b>	<b>26,127,890.15</b>	<b>-293,771.05</b>	<b>0.00</b>	<b>802,450,663.92</b>
	<b>6,014,584,614.99</b>	<b>353,091,256.42</b>	<b>-12,398,744.44</b>	<b>0.00</b>	<b>6,355,277,126.97</b>

CHANGES IN CONSOLIDATED NON-CURRENT ASSETS  
(CONSOLIDATED NON-CURRENT ASSETS MOVEMENT SCHEDULE)

Balance sheet item	Accumulated amortization and depreciation		
	As at Jan 1, 2021	Write-ups	Additions
	EUR	EUR	EUR
<b>I. Intangible assets</b>			
1. Electricity procurement rights	718,729.04	0.00	42,476.91
2. Other rights	17,600,963.07	0.00	585,594.19
3. IT programs	22,255,087.48	0.00	1,220,776.84
4. Goodwill	55,704,627.15	0.00	428,620.16
5. Advances made	6,914,886.99	0.00	76,128.34
<b>TOTAL I. Intangible assets</b>	<b>103,194,293.73</b>	<b>0.00</b>	<b>2,353,596.44</b>
<b>II. Property, plant and equipment</b>			
1. Land, rights equivalent to land and buildings, including buildings on land owned by others	867,733,689.57	0.00	21,685,182.89
2. Machinery and electrical plants	888,082,659.36	0.00	25,428,133.22
3. Line systems	981,536,513.24	0.00	43,269,316.14
4. Other plant, furniture and fixtures	62,247,212.78	0.00	3,943,895.76
5. Advances made and construction in progress	10,019,832.86	0.00	842,950.91
<b>TOTAL II. Property, plant and equipment</b>	<b>2,809,619,907.81</b>	<b>0.00</b>	<b>95,169,478.92</b>
<b>III. Financial assets</b>			
1. Shares in affiliates	923,200.00	0.00	0.00
2. Investments in associates	140,761,603.75	0.00	11,944,442.30
3. Other investments	40,606,261.61	-22,800,000.00	10,000,000.00
4. Investment securities (book-entry securities)	72,672.76	0.00	60,975.00
5. Other loans	0.00	0.00	0.00
<b>TOTAL III. Financial assets</b>	<b>182,363,738.12</b>	<b>-22,800,000.00</b>	<b>22,005,417.30</b>
<b>TOTAL non-current assets</b>	<b>3,095,177,939.66</b>	<b>-22,800,000.00</b>	<b>119,528,492.66</b>

Disposals	Transfers	Carrying amounts		
		As at Dec 31, 2021	Carrying amount as at Jan 1, 2021	Carrying amount as at Dec 31, 2021
EUR	EUR	EUR	EUR	EUR
0.00	0.00	761,205.95	192,539.24	333,876.89
-65,122.00	0.00	18,121,435.26	3,719,355.61	3,167,126.11
-2,495,514.26	0.00	20,980,350.06	2,961,594.83	2,500,377.98
0.00	0.00	56,133,247.31	2,256,953.89	1,828,333.73
0.00	0.00	6,991,015.33	1,929,574.42	1,897,196.94
<b>-2,560,636.26</b>	<b>0.00</b>	<b>102,987,253.91</b>	<b>11,060,017.99</b>	<b>9,726,911.65</b>
-159,510.13	0.00	889,259,362.33	590,385,509.44	583,376,362.16
-3,024,263.73	37,941.31	910,524,470.16	259,703,794.05	279,396,434.80
-1,912,057.87	-37,941.31	1,022,855,830.20	703,828,863.52	735,686,001.26
-2,444,100.23	0.00	63,747,008.31	10,784,598.55	11,195,685.67
0.00	0.00	10,862,783.77	749,391,085.08	933,208,358.83
<b>-7,539,931.96</b>	<b>0.00</b>	<b>2,897,249,454.77</b>	<b>2,314,093,850.64</b>	<b>2,542,862,842.72</b>
0.00	0.00	923,200.00	1,339,719.20	1,389,719.20
-14,772,799.52	0.00	137,933,246.53	129,090,065.02	131,918,422.24
-261.61	0.00	27,806,000.00	394,162,694.36	406,962,694.36
0.00	0.00	133,647.76	50,900,139.80	50,839,164.80
0.00	0.00	0.00	18,760,188.32	44,544,569.03
<b>-14,773,061.13</b>	<b>0.00</b>	<b>166,796,094.29</b>	<b>594,252,806.70</b>	<b>635,654,569.63</b>
<b>-24,873,629.35</b>	<b>0.00</b>	<b>3,167,032,802.97</b>	<b>2,919,406,675.33</b>	<b>3,188,244,324.00</b>

## IX. OTHER DISCLOSURES

### Derivative financial instruments

Where commodities are concerned, TIWAG-Tiroler Wasserkraft AG uses derivative financial instruments which are composed of (electricity) forward contracts requiring fulfillment by either physical delivery or payment. Trade transactions are shown in the “business on own account” book; all transactions concerning procurement and distribution for system optimization are shown in the “own use” book. Transactions allocated to the “business on own account” book are considered to be derivative instruments.

Business on own account is carried out within narrow limits only, so the associated risk can be classified as negligible.

The derivative financial instruments (electricity futures and forwards) in the electricity business (“business on own account”) break down as follows:

Contracts and market value as at Dec 31, 2021 in mEUR	Nominal values			Market values		
	Purchases	Sales	Net	Positive	Negative	Net
Forwards	278.7	261.1	17.6	282.7	-268.8	13.9
Futures	180.0	198.1	-18.2	89.9	-104.0	-14.1
<b>Total before netting</b>	<b>458.7</b>	<b>459.2</b>	<b>-0.6</b>	<b>372.6</b>	<b>-372.8</b>	<b>-0.2</b>
Adjusted for netting contracts	-330.0	-330.0	0.0	-268.4	268.4	0.0
<b>Total after netting</b>	<b>128.7</b>	<b>129.2</b>	<b>-0.6</b>	<b>104.2</b>	<b>-104.4</b>	<b>-0.2</b>

The nominal values shown represent the sum totals of the non-netted separate items in the relevant derivative financial instruments. Market values show the sum total of the differences between current market prices as at the balance sheet date and the nominal values of the instruments. As in the previous year, no provision needs to be set up for derivative financial instruments.

### Contingencies

As at December 31, 2021, the separate financial statements show contingent liabilities consisting mainly in letters of comfort, guarantees and liabilities under long-term contracts granting rights of use to third parties in the amount of EUR 28,445,436.02 (prior year: kEUR 23,664.4).

The contingent liabilities shown in the consolidated financial statements, which consist mainly in guarantees and liabilities under long-term contracts granting rights of use to third parties, amount to EUR 44,249,800.46 (prior year: kEUR 39,629.5).

The total other financial obligations related to open-ended investments and the general overhaul of various plants and facilities will amount to approximately EUR 224.8 million (prior year: EUR 193.5 million) in the separate financial statements and to approximately EUR 262.7 million (prior year: EUR 233.3 million) in the consolidated financial statements in the next fiscal year (2022).

#### Business relationships with related parties

Cash pooling agreements have been concluded at arm's length with affiliates of TIWAG-Tiroler Wasserkraft AG. Within the scope of this group-wide cash pooling system, required liquid funds are passed on as needed within the group.

#### Employees

In fiscal 2021, TIWAG-Tiroler Wasserkraft AG employed 1,259 persons on average, thereof 1,085 salaried employees, 146 workers and 28 apprentices (prior year: 1,249 persons employed, thereof 1,086 salaried employees, 144 workers and 19 apprentices). Under the contract dated November 18, 2005, an annual average of 84 workers, 358 salaried employees and 13 apprentices (prior year: 83 workers, 369 salaried employees, 12 apprentices) were hired out to TINETZ-Tiroler Netze GmbH. The group employed an average of 1,404 (prior year: 1,385) persons, thereof 1,171 (prior year: 1,172) salaried employees, 204 (prior year: 192) workers and 29 (prior year: 21) apprentices.

#### Auditor's fees

In the past fiscal year, auditing expenses amounted to a total of EUR 262,997.50 (prior year: kEUR 227.7). An amount of EUR 202,800.00 (prior year: kEUR 200.3) thereof was required for the audit of the annual financial statements, EUR 57,075.00 (prior year: kEUR 24.1) for other attestations, and EUR 3,122.50 (prior year: kEUR 3.3) for other services.

#### Remuneration of the Management Board and the Supervisory Board

In fiscal 2021, the total remuneration of the Management Board amounted to EUR 1,224,140.05 (prior year: kEUR 1,195.8), emoluments of former members of the Management Board of TIWAG-Tiroler Wasserkraft AG and their surviving dependents amounted to EUR 230,536.08 (prior year: kEUR 231.7), and the remuneration of the Supervisory Board came to EUR 52,839.00 (prior year: kEUR 38.0).

#### Appropriation of profit

The Management Board proposes to the Shareholders' Meeting to distribute an amount of EUR 30,000,000.00 from net profit for the year and to carry forward to new account the remaining amount of EUR 1,336,792.87.

#### Significant events after the balance sheet date

The invasion of Ukraine by Russia, which started on February 24, 2022, was strongly condemned by the international community and economic sanctions have been imposed. Those sanctions have far-reaching economic and energy policy repercussions. One consequence of the sanctions imposed on Russia was another significant increase in energy prices in the European energy markets. The TIWAG Group is considerably affected as regards energy procurement, specifically in the gas sector; presently, due to statutory regulations and contractual arrangements the energy price increases cannot be fully passed on to customers, which means that the margins, in particular in the gas business, are strongly affected. At the end of March bankruptcy proceedings were opened against a trader whom we had supplied with electricity. Bills issued during the period in which the balance sheet was prepared which are still outstanding amount to EUR 3.8 million in total.

#### Corporate bodies

The following persons were appointed **members of the Management Board**:

- Erich Entstrasser (Chairman)
- Thomas Gasser
- Johann Herdina

In the fiscal year 2021, the following persons were members of the **Supervisory Board**:

- Reinhard Schretter (Chairman)
- Patrizia Zoller-Frischauf (1<sup>st</sup> Deputy) until July 12, 2021
- Florian Tursky (1<sup>st</sup> Deputy) from August 5, 2021
- Manfred Pletzer (2<sup>nd</sup> Deputy)
- Hartwig Röck
- Hannelore Weck-Hannemann
- Julia Lang

Delegated by the **Works Council**:

- Friedrich Vogt, Chairman of the Central Works Council (until November 3, 2021)
- Stefan Mark (until November 3, 2021)
- Marbod Trinkl (until November 3, 2021)
- Harald Würfl, Chairman of the Central Works Council (from November 3, 2021)
- Franz Eckhart (from November 3, 2021)
- Andreas Walder (from November 3, 2021)

## X. ANNUAL FINANCIAL STATEMENTS PURSUANT TO SECTION 8 OF THE AUSTRIAN ELECTRICITY ACT

This section of the Notes contains the information required by Section 8 of the Austrian Electricity Act.

In order to effect the unbundling that is compulsory under corporate law, TIWAG-Tiroler Wasserkraft AG (TIWAG) had formed (former) TIWAG-Netz AG as a combined grid operator and transferred the operation of the distribution grid to TIWAG-Netz AG in the form of a lease by contract dated November 18, 2005.

Under the personnel leasing contract dated November 18, 2005, TIWAG-Tiroler Wasserkraft AG hired out those employees who had previously been working in the grid sector to (former) TIWAG-Netz AG. By administrative decision of the Government of the State of Tyrol dated January 1, 2006, the Government, as the electricity authority, granted (former) TIWAG-Netz AG a license to operate the distribution grid of TIWAG-Tiroler Wasserkraft AG. On January 1, 2006, (now:) TINETZ-Tiroler Netze GmbH took on the responsibilities of operator of the distribution grid of TIWAG-Tiroler Wasserkraft AG, and has been responsible for the operation, maintenance, and development of those grids.

### 1. BALANCE SHEET AS AT DECEMBER 31, 2021 (IN EUR)

Assets	
<b>A. Non-current assets</b>	
I.	Intangible assets
II.	Property, plant and equipment
III.	Financial assets
<b>B. Current assets</b>	
I.	Inventories
II.	Receivables and other assets
III.	Cash in hand and at bank, checks
<b>C. Prepayments and accrued income</b>	
<b>D. Deferred tax assets</b>	
<b>TOTAL assets</b>	
Equity and liabilities	
<b>A. Shareholders' equity</b>	
<b>B. Special item for investment grants</b>	
<b>C. Contributions to construction costs</b>	
<b>D. Provisions</b>	
<b>E. Liabilities</b>	
<b>F. Accruals and deferred income</b>	
<b>TOTAL equity and liabilities</b>	

Generation, electricity trading and sales	Distribution	Other	Total
<b>1,564,270,811.37</b>	<b>554,672,240.98</b>	<b>867,005,766.18</b>	<b>2,985,948,818.53</b>
484,192,534.14	2,031,910.91	1,687,420.07	487,911,865.12
875,343,550.27	508,628,092.67	46,373,078.39	1,430,344,721.33
204,734,726.96	44,012,237.40	818,945,267.72	1,067,692,232.08
<b>174,047,200.05</b>	<b>149,123,878.40</b>	<b>57,827,653.02</b>	<b>380,998,731.47</b>
595,939.07	47,823.76	3,489,652.77	4,133,415.60
138,543,066.98	128,792,796.64	52,489,919.02	319,825,782.64
34,908,194.00	20,283,258.00	1,848,081.23	57,039,533.23
<b>1,121,990.84</b>	<b>622,162.75</b>	<b>1,195,590.54</b>	<b>2,939,744.13</b>
<b>0.00</b>	<b>0.00</b>	<b>10,197,229.09</b>	<b>10,197,229.09</b>
<b>1,739,440,002.26</b>	<b>704,418,282.13</b>	<b>936,226,238.83</b>	<b>3,380,084,523.22</b>
<b>1,173,885,947.33</b>	<b>294,219,328.44</b>	<b>107,944,454.10</b>	<b>1,576,049,729.87</b>
<b>7,353,754.26</b>	<b>85,542.91</b>	<b>1,525,047.62</b>	<b>8,964,344.79</b>
<b>773,606.91</b>	<b>169,338,367.56</b>	<b>5,865,946.64</b>	<b>175,977,921.11</b>
<b>171,078,229.97</b>	<b>189,090,952.00</b>	<b>172,484,458.10</b>	<b>532,653,640.07</b>
<b>360,019,277.71</b>	<b>51,684,091.22</b>	<b>628,207,665.09</b>	<b>1,039,911,034.02</b>
<b>26,329,186.08</b>	<b>0.00</b>	<b>20,198,667.28</b>	<b>46,527,853.36</b>
<b>1,739,440,002.26</b>	<b>704,418,282.13</b>	<b>936,226,238.83</b>	<b>3,380,084,523.22</b>

## 2. INCOME STATEMENT 2021 (IN EUR)

1.	Sales revenue
2.	Change in services not yet chargeable
3.	Other own work capitalized
4.	Other operating income
5.	Cost of materials and other services purchased
6.	Personnel expenses
7.	Amortization of intangible non-current assets and depreciation of property, plant and equipment
8.	Other operating expenses
<b>9.</b>	<b>Subtotal lines 1 to 8</b>
10.	Income from investments
11.	Other financial result
<b>12.</b>	<b>Subtotal lines 10 to 11</b>
12a.	Set-off of activities
<b>13.</b>	<b>Profit or loss before taxes</b>
14.	Income taxes
<b>15.</b>	<b>TOTAL Profit for the year</b>

### Explanatory notes pursuant to Section 8 of the Austrian Electricity Act

As a rule, balance sheet items and items of the income statement are allocated directly. Only in cases involving a merely indirect relation to the subject matter or unjustifiably high expenditure are items allocated on the basis of allocation keys based on appropriate benchmarks. Allocations are calculated by means of largely process-oriented allocation keys. Division-specific calculation rates form the basis for transfer pricing.

Commercial transactions within the meaning of Section 8(3) EIWOG 2010 were concluded with TINETZ-Tiroler Netze GmbH (lease with regard to grid operation, cash pooling).

Innsbruck, April 5, 2022

### The Management Board

Mag. Dr.  
Erich Entstrasser

Dipl.-Ing.  
Thomas Gasser, MBA

Dipl.-Ing.  
Johann Herdina

Generation, electricity trading and sales	Distribution	Other	Total
1,042,990,998.04	138,202,976.64	11,572,829.44	1,192,766,804.12
0.00	0.00	45,737.85	45,737.85
-9,076,544.67	3,401,465.63	32,533,021.44	26,857,942.40
13,570,861.41	1,088,502.14	3,395,857.82	18,055,221.37
-844,244,685.42	-6,514,860.14	-1,408,715.30	-852,168,260.86
-33,482,916.30	-41,846,279.17	-72,703,937.18	-148,033,132.65
-27,793,273.80	-39,327,289.68	-4,960,439.84	-72,081,003.32
-41,564,727.81	-31,772,990.60	8,008,419.52	-65,329,298.89
<b>100,399,711.45</b>	<b>23,231,524.82</b>	<b>-23,517,226.25</b>	<b>100,114,010.02</b>
4,816,360.44	638,211.96	37,526,565.27	42,981,137.67
5,270,477.00	2,891,873.00	23,471,252.49	31,633,602.49
<b>10,086,837.44</b>	<b>3,530,084.96</b>	<b>60,997,817.76</b>	<b>74,614,740.16</b>
-13,487,286.31	-17,377,387.60	30,864,673.91	0.00
<b>96,999,262.58</b>	<b>9,384,222.18</b>	<b>68,345,265.42</b>	<b>174,728,750.18</b>
-14,490,018.91	-1,401,841.14	-16,380,515.60	-32,272,375.65
<b>82,509,243.67</b>	<b>7,982,381.04</b>	<b>51,964,749.82</b>	<b>142,456,374.53</b>

## AUDIT CERTIFICATE

### REPORT ON THE ANNUAL FINANCIAL STATEMENTS

#### Audit opinion

We have audited the annual financial statements of

#### **TIWAG-Tiroler Wasserkraft AG, Innsbruck,**

which comprise the balance sheet as at December 31, 2021, the income statement for the fiscal year then ended, and the notes.

In our opinion, the enclosed annual financial statements are in compliance with statutory provisions and present a true and fair view of the company's financial position as at December 31, 2021, and of the company's financial performance for the fiscal year then ended, in accordance with the relevant provisions of Austrian business law and the Electricity Act 2010 [*Elektrizitätswirtschafts- und -organisationsgesetz/EIWOG 2010*].

#### Basis for the audit opinion

We have conducted our audit in accordance with the professional auditing principles applicable in Austria. Those principles require application of the International Standards on Auditing (ISA). Our responsibilities under those provisions and standards are described in more detail under the heading "Responsibilities of the auditor for the audit of the annual financial statements" of our audit certificate. We are independent of the company in accordance with the Austrian business law and professional law provisions and we have fulfilled our other professional duties in compliance with those requirements. In our opinion the audit evidence obtained by us by the date of the audit certificate is sufficient and appropriate to serve as the basis for our audit opinion as at that date.

#### Responsibilities of the legal representatives and the Audit Committee for the annual financial statements

The legal representatives are responsible for the preparation, in accordance with the applicable provisions under Austrian business law and the Electricity Act 2010, of financial statements which present a true and fair view of the company's financial position and financial performance. In addition, the legal representatives are responsible for internal controls which they deem necessary in order to enable preparation of annual financial statements that are free from material misrepresentations due to fraudulent actions or mistakes.

In preparing the financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the legal representatives either intend to liquidate the company or to discontinue its business activities, or have no realistic alternative.

The Audit Committee is responsible for overseeing the company's financial reporting process.

#### Responsibilities of the auditor for the audit of the annual financial statements

Our aims are to obtain sufficient certainty as to whether the annual financial statements as a whole are free from material misrepresentations resulting from fraudulent actions or mistakes, and to issue an audit certificate that includes our audit opinion. Sufficient certainty means a high degree of certainty which, however, cannot guarantee that an audit conducted in accordance with the professional auditing principles applicable in Austria, which require application of the ISA, will reveal a material misrepresentation, if any, in any case. Misrepresentations may result from fraudulent actions or mistakes and are considered to be material if one might reasonably expect that any or all of them influence the financial decisions made by users on the basis of these annual financial statements.

As part of an audit in accordance with the professional auditing principles applicable in Austria, which require application of the ISA, we exercise dutiful discretion throughout the audit and maintain a critical attitude.

In addition, the following applies:

- We identify and assess the risks of material misrepresentations resulting from fraudulent actions or mistakes in the financial statements, plan and carry out audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk that material misrepresentations resulting from fraudulent actions will not be uncovered is higher than that resulting from mistakes because fraudulent actions may include fraudulent collusion, falsifications, deliberate incompleteness, misleading presentations, or rendering internal controls inoperative.
- We become familiar with the internal control system that is relevant to the audit in order to plan audit procedures that are reasonable under the given circumstances, but not with the objective of providing an audit opinion on the effectiveness of the company's internal control system.
- We give an opinion on the appropriateness of the accounting methods used and the plausibility of the presented amounts estimated by the legal representatives, including the related disclosures.
- We draw conclusions as to whether application of the going-concern principle by the legal representatives is appropriate and, on the basis of the audit evidence obtained, whether there is material uncertainty in connection with events or circumstances that may give rise to significant doubts about the company's ability to continue its business as a going concern. If we arrive at the conclusion that there is material uncertainty, we are obliged to draw attention to the related disclosures in the annual financial statements in our audit certificate, or, if such disclosure is inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained by the date our audit certificate is issued. However, future events or circumstances may lead to the company's departure from continuation of its business as a going concern.
- We give an opinion on the overall presentation, structure, and content of the annual financial statements, including disclosures, and on whether the annual financial statements present a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee, inter alia about the planned scope and the planned timeline of the audit as well as about significant findings made during the audit, including any significant defects in the internal control system we might identify during our audit.

## REPORT ON THE MANAGEMENT REPORT

The management report must be audited on the basis of Austrian business law provisions as to whether it is in line with the annual financial statements and whether it has been prepared in compliance with applicable legal requirements.

The legal representatives are responsible for the preparation of the management report in accordance with the applicable provisions of Austrian business law and the Electricity Act 2010.

We have conducted our audit in accordance with the professional auditing principles for audits of management reports.

### Opinion

In our opinion, the enclosed management report was prepared in compliance with applicable legal requirements and is consistent with the annual financial statements.

### Statement

Based on the findings obtained in the course of the audit of the annual financial statements and on the understanding we gained of the company and its environment no material faulty information was found in the management report.

Vienna, April 6, 2022

### Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer  
Auditor

## AUDIT CERTIFICATE

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

#### Audit opinion

We have audited the consolidated financial statements of

#### **TIWAG-Tiroler Wasserkraft AG, Innsbruck,**

and its subsidiaries (the “Group”), which comprise the consolidated balance sheet as at December 31, 2021, the consolidated income statement, the statement of changes in consolidated equity, and the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the enclosed consolidated financial statements are in compliance with statutory provisions and present a true and fair view of the Group’s financial position as at December 31, 2021, and of the Group’s financial performance and cash flows for the fiscal year then ended, in accordance with the relevant provisions of Austrian business law and the Electricity Act 2010 [*Elektrizitätswirtschafts- und -organisationsgesetz/ EIWOG 2010*] and the Natural Gas Sector Act 2011 [*Gaswirtschaftsgesetz 2011*].

#### Basis for the audit opinion

We have conducted our audit in accordance with the professional auditing principles applicable in Austria. Those principles require application of the International Standards on Auditing (ISA). Our responsibilities under those provisions and standards are described in more detail under the heading “Responsibilities of the auditor for the audit of the consolidated financial statements” of our audit certificate. We are independent of the Group in accordance with the Austrian business law and professional law provisions and we have fulfilled our other professional duties in compliance with those requirements. In our opinion the audit evidence obtained by us by the date of the audit certificate is sufficient and appropriate to serve as the basis for our audit opinion as at that date.

#### Responsibilities of the legal representatives and the Audit Committee for the consolidated financial statements

The legal representatives are responsible for the preparation, in accordance with the applicable provisions under Austrian business law and the Electricity Act 2010 and the Natural Gas Sector Act 2011, of consolidated financial statements which present a true and fair view of the Group’s financial position and financial performance. In addition, the legal representatives are responsible for internal controls which they deem necessary in order to enable preparation of consolidated financial statements that are free from material misrepresentations due to fraudulent actions or mistakes.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the legal representatives either intend to liquidate the Group or to discontinue its business activities, or have no realistic alternative.

The Audit Committee is responsible for overseeing the Group’s financial reporting process.

#### Responsibilities of the auditor for the audit of the consolidated financial statements

Our aims are to obtain sufficient certainty as to whether the consolidated financial statements as a whole are free from material misrepresentations resulting from fraudulent actions or mistakes, and to issue an audit certificate that includes our audit opinion. Sufficient certainty means a high degree of certainty which, however, cannot guarantee that an audit conducted in accordance with the professional auditing principles applicable in Austria, which require application of the ISA, will reveal a material misrepresentation, if any, in any case. Misrepresentations may result from fraudulent actions or mistakes and are considered to be material if one might reasonably expect that any or all of them influence the financial decisions made by users on the basis of these consolidated financial statements.

As part of an audit in accordance with the professional auditing principles applicable in Austria, which require application of the ISA, we exercise dutiful discretion throughout the audit and maintain a critical attitude.

In addition, the following applies:

- We identify and assess the risks of material misrepresentations resulting from fraudulent actions or mistakes in the financial statements, plan and carry out audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk that material misrepresentations resulting from fraudulent actions will not be uncovered is higher than that resulting from mistakes because fraudulent actions may include fraudulent collusion, falsifications, deliberate incompleteness, misleading presentations, or rendering internal controls inoperative.
- We become familiar with the internal control system that is relevant to the audit in order to plan audit procedures that are reasonable under the given circumstances, but not with the objective of providing an audit opinion on the effectiveness of the Group's internal control system.
- We give an opinion on the appropriateness of the accounting methods used and the plausibility of the presented amounts estimated by the legal representatives, including the related disclosures.
- We draw conclusions as to whether application of the going-concern principle by the legal representatives is appropriate and, on the basis of the audit evidence obtained, whether there is material uncertainty in connection with events or circumstances that may give rise to significant doubts about the Group's ability to continue its business as a going concern. If we arrive at the conclusion that there is material uncertainty, we are obliged to draw attention to the related disclosures in the consolidated financial statements in our audit certificate, or, if such disclosure is inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained by the date

our audit certificate is issued. However, future events or circumstances may lead to the Group's departure from continuation of its business as a going concern.

- We give an opinion on the overall presentation, structure, and content of the consolidated financial statements, including disclosures, and on whether the consolidated financial statements present a true and fair view of the underlying transactions and events.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, inter alia about the planned scope and the planned timeline of the audit as well as about significant findings made during the audit, including any significant defects in the internal control system we might identify during our audit.

## REPORT ON THE GROUP MANAGEMENT REPORT

The Group management report must be audited on the basis of Austrian business law provisions as to whether it is in line with the consolidated financial statements and whether it has been prepared in compliance with applicable legal requirements.

The company's legal representatives are responsible for the preparation of the Group management report in accordance with the applicable provisions of Austrian business law, the Electricity Act 2010 and the Natural Gas Sector Act 2011.

We have conducted our audit in accordance with the professional auditing principles for audits of group management reports.

### **Opinion**

In our opinion, the enclosed Group management report was prepared in compliance with applicable legal requirements and is consistent with the consolidated financial statements.

### **Statement**

Based on the findings obtained in the course of the audit of the consolidated financial statements and on the understanding we gained of the Group and its environment no material faulty information was found in the Group management report.

Vienna, April 6, 2022

### **Deloitte Audit Wirtschaftsprüfungs GmbH**

Mag. Gerhard Marterbauer  
Auditor

## PROPOSAL FOR APPROPRIATION OF THE PROFIT

The Management Board proposes that a dividend of EUR 30,000,000.00 be paid out of the net profit for fiscal 2021 in the amount of EUR 31,336,792.87 and that the remaining amount of EUR 1,336,792.87 be carried forward to new account.

Innsbruck, April 5, 2022

### The Management Board

Mag. Dr.  
Erich Entstrasser

Dipl.-Ing.    Dipl.-Ing.  
Thomas Gasser, MBA                          Johann Herdina

## REPORT OF THE SUPERVISORY BOARD

To keep abreast of the business policy, business operations and the general situation of the company, the Supervisory Board held seven plenary meetings and several committee meetings in fiscal 2021 and received regular reports from the Management Board, both orally and in writing. The Supervisory Board reviewed and supported the Management Board's executive decisions. Its supervisory activities did not give rise to any objections.

The separate and consolidated financial statements for fiscal 2021 drawn up in accordance with Austrian accounting standards, along with the management reports for both the company and the group, have been audited by DELOITTE Audit Wirtschaftsprüfungs GmbH, Vienna. The auditor has drawn up a written report outlining the results and has confirmed that the Management Board provided the required information and supporting documents and that the accounting records as well as the financial statements for both the company and the group are in compliance with statutory provisions and present a true and fair view of the company's financial position and financial performance in compliance with generally accepted accounting standards. The auditor has also

confirmed that the management reports for the company and the group are in accordance with the separate and consolidated financial statements. The auditor has issued an unqualified opinion on the separate financial statements and the consolidated financial statements.

The Supervisory Board received and reviewed the auditor's reports. The Audit Committee of the Supervisory Board reported to the Supervisory Board on the outcome of the audits and the additional reporting carried out by the auditor pursuant to Article 11 of Regulation (EU) No 537/2014.

After in-depth review and discussion by the Audit Committee, the Supervisory Board approved the separate and consolidated financial statements as at December 31, 2021, including the management reports for both the company and the group, as well as the corporate governance report and the proposal for appropriation of the profit, hereby adopting the financial statements as at December 31, 2021 pursuant to Section 96(4) of the Austrian Stock Corporations Act [*Aktiengesetz/AktG*]. The consolidated financial statements, the management reports for both the company and the group, and the corporate governance report are hereby duly acknowledged and agreed. The Supervisory Board's review did not give rise to any objections.

Based on the recommendation issued by the Audit Committee, the Supervisory Board recommends to the Shareholders' Meeting that DELOITTE Audit Wirtschaftsprüfungs GmbH in Vienna be appointed auditor of the separate and consolidated financial statements of TIWAG-Tiroler Wasserkraft AG for fiscal 2022.

We should like to express our thanks to the Management Board and to all our employees for their work, commitment and dedication in the past fiscal year.

Innsbruck, May 13, 2022

### For the Supervisory Board

Dr. Reinhard Schretter  
Chairman of the Supervisory Board

**ELECTRICITY LABELING PURSUANT TO SECTION 78 (1) AND (2) OF THE AUSTRIAN ELECTRICITY ACT [ELEKTRIZITÄTSWIRTSCHAFTS- UND -ORGANISATIONSGESETZ/ EIWOG] 2010 AS AMENDED BY BGBl. [FEDERAL LAW GAZETTE] I NO. 17/2021 (TIWAG-TIROLER WASSERKRAFT AG)**

Power source identification:	kWh	Share in %
Hydropower	3,709,440,328	87.29
Wind power	363,861,119	8.56
Biomass (solid, liquid, and waste with a high biogenic share)	61,629,812	1.45
Biogas	40,177,003	0.94
Landfill and sewage gas	512,696	0.02
Photovoltaics	73,871,767	1.74
Geothermal energy	2,313	0.00
<b>TOTAL electricity volume delivered</b>	<b>4,249,495,038</b>	<b>100.00</b>

Countries of origin:	Share in %
Austria	80.08
Norway	19.92
<b>TOTAL countries of origin</b>	<b>100.00</b>

Environmental impact of electricity generation:	
CO <sub>2</sub> emissions (g/kWh)	0.0
Radioactive waste (mg/kWh)	0.0

## AUDIT FINDINGS AND ATTESTATION

In fiscal 2021 the company delivered a total of 4,249,495,038 kWh of electricity to end customers. Adequate evidence was provided for the total volume.

Based on our dutiful audit of the documentation concerning the origin of the volumes supplied by TIWAG-Tiroler Wasserkraft AG, Innsbruck, to end customers in the fiscal year ended December 31, 2021, we can issue the following attestation:

“The documentation on volumes delivered to end customers and on the respective environmental impact prepared pursuant to Sections 78 and 79 EIWOG 2010 as amended by BGBl. I No. 17/2021 and in compliance with the requirements of the Austrian Regulation on Elect-

ricity Labeling [*Stromkennzeichnungsverordnung*] as amended by BGBl. II No. 467/2013, and broken down by primary energy resources is conclusive and clear. The evidence required under Section 79 (5) to (7) EIWOG 2010 as amended by BGBl. I No. 17/2021 was provided.”

Vienna, March 31, 2022

**Deloitte Audit Wirtschaftsprüfungs GmbH**

Mag. Gerhard Marterbauer  
Auditor

**ELECTRICITY LABELING PURSUANT TO SECTION 78 (1) AND (2) OF THE AUSTRIAN ELECTRICITY ACT [ELEKTRIZITÄTSWIRTSCHAFTS- UND -ORGANISATIONSGESETZ/ EIWOG] 2010 AS AMENDED BY BGBl. [FEDERAL LAW GAZETTE] I NO. 17/2021 (ÖKOENERGIE TIROL GMBH)**

Power source identification:	kWh	Share in %
Hydropower	99,223,137	100.00
Wind power	0	0.00
Biomass (solid, liquid, and waste with a high biogenic share)	0	0.00
Biogas	0	0.00
Landfill and sewage gas	0	0.00
Photovoltaics	0	0.00
Geothermal energy	0	0.00
<b>TOTAL electricity volume delivered</b>	<b>99,223,137</b>	<b>100.00</b>

Countries of origin:	Share in %
Austria	100.00
International	0.00
<b>TOTAL countries of origin</b>	<b>100.00</b>

Environmental impact of electricity generation:	
CO <sub>2</sub> emissions (g/kWh)	0.0
Radioactive waste (mg/kWh)	0.0

## AUDIT FINDINGS AND ATTESTATION

In fiscal 2021 the company delivered a total of 99,223,137 kWh of electricity to end customers. Adequate evidence was provided for the total volume.

Based on our dutiful audit of the documentation concerning the origin of the electricity volumes delivered by Ökoenergie Tirol GmbH, Innsbruck, to end customers in the fiscal year ended December 31, 2021, we can issue the following attestation:

“The documentation on electricity volumes delivered to end customers and on the respective environmental impact prepared pursuant to Sections 78 and 79 EIWOG 2010 as amended by BGBl. I No. 17/2021 and in compliance with the requirements of the Austrian Regulation

on Electricity Labeling [*Stromkennzeichnungsverordnung*] as amended by BGBl. II No. 467/2013, and broken down by primary energy resources is conclusive and clear. The evidence required under Section 79 (5) to (7) EIWOG 2010 as amended by BGBl. I No. 17/2021 was provided.”

Vienna, March 31, 2022

**Deloitte Audit Wirtschaftsprüfungs GmbH**

Mag. Gerhard Marterbauer  
Auditor

## IMPRINT

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Dr. Alessandra Sarti, Martin Vandory, Land Tirol/G. Berger, TIWAG/Fuchs

The English translation of the TIWAG-Tiroler Wasserkraft AG Annual Report  
is for convenience. Only the German text is binding.

This Annual Report contains forecasts that involve risks and uncertainties. These forecasts  
are usually accompanied by words such as “expect”, “predict”, “plan”, “believe”, “intend”,  
“estimate”, “aim”, “anticipate”, “target” etc. Actual results may differ from those anticipated  
in these forecasts as a result of a number of factors. Forecasts involve inherent risks  
and uncertainties.

TIWAG-Tiroler Wasserkraft AG cautions that a number of important factors could cause  
actual results or outcomes to differ materially from those expressed in any forecasts.

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